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ABSTRACT

Under P.L. 93-647 major changes in the child support enforcement system were mandated. The law became Part D of Title IV of the Social Security Act; thus, the child support enforcement program is commonly referred to as the IV-D program. This comprehensive measure brought into existence a major federal agency to correct the problem of desertion and nonsupport of children: the Office of Child Support Enforcement (OCSE). The goals of this office are to assist the states in obtaining child support owed by absent parents to their children, in locating absent parents, in establishing paternity, and in enforcing support obligations of absent parents. The purpose of this manual is to prepare OCSE auditors to conduct the first annual audit of child support enforcement programs required under the law. The independent audits provide key verification of state compliance with federal standards and with federally approved state IV-D plans. The manual serves as the focus and central resource of an intensive training course for OCSE auditors and becomes a reference document and guidebook for performance of the annual audits. (Author/MLF)

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OFFICE OF CHILD SUPPORT ENFORCEMENT

AUDITOR'S MANUAL

1977

EA 010 184

INTRODUCTION

The purpose of this manual is to prepare auditors of the Office of Child Support Enforcement (OCSE) to conduct the first annual audit of child support enforcement programs required under Title IV-D of the Social Security Act to be operated by each of the 50 States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands.

The independent audits mandated by Title IV-D are crucial to the child support program, providing key verification of State compliance with federal standards and with federally approved State IV-D Plans. As a result of these comprehensive audits, severe financial penalties will be assessed against non-complying States and the Federal government will be able to ensure that it is receiving a fair share of child support collections.

With so much at stake, it is essential that the audits be completely objective, fair and accurate. Specific guidelines and step-by-step instructions for conducting the State evaluations have been adopted and will be executed by an experienced, professional staff. The auditors selected must be carefully trained in the complex audit criteria, objectives and audit steps needed to determine the effectiveness of each of the 54 State IV-D child support enforcement programs.

This manual has two objectives in the training process. First, it serves as the focus and central resource of an intensive training course for OCSE auditors. Second, it becomes a reference document and guidebook for performance of the annual audits.

The manual is divided into 11 parts, ten learning module Units plus an Appendix which includes essential reference materials.

Each Unit of the manual is a self-contained module which includes a statement of learning objectives, pertinent text material, instructional activities, evaluation methods, visual aids, and reference material.

Beginning with an introduction to the Office of Child Support Enforcement (Unit I), the manual, in succession, discusses the legislative history of Title IV-D and its essential components (Unit II); a detailed analysis of OCSE organization (Unit III), and of the Audit Staff Organization (Unit IV); an overview of the audit program (Unit V); and, a descriptive analysis of the State IV-D programs (Unit VI) which are the foci of the audit investigations. Technical instruction in the use of Random Sample Tables and the methodology for selection of audit subjects is included in Unit IX.

The three most important Units, however, are those dealing with the actual audits themselves. Unit VII provides "Special Instructions" to field auditors on preparation for and performance of the first comprehensive audit of the State IV-D programs. This unit provides the protocol, so to speak, which is essential for establishing and maintaining cooperative relations in the region with the OCSE Regional Office and with the State agencies subjected to the audit.

In Unit VIII are found the specific, step-by-step instructions for performing the actual audits. The crucial 19 audit criteria which will be used to measure State compliance and effectiveness in child support enforcement are identifed and discussed. The manual reader is taken through the audit process in its four stages: Steps to be Done at the OCSE Regional Office, Steps to be Done at the State IV-D Agency, Steps to be Done at the Local IV-A Agency, and Steps to be Done at Participating Local Organizations.

Like all final chapters, Unit X may be overlooked as to its importance in the audit process. However, it is the crucial element in ensuring an objective, thorough, and accurate audit. This Unit provides a review of the generally accepted auditing principles and practices used by OCSE auditors; in particular, the auditing standards promulgated by the General Accounting Office.

All of the material contained in the training manual will be covered in the training course, with the bulk of the program devoted to the audit criteria and steps of Unit VIII.

The manual is designed to provide essential information useful to all of the auditing personnel, from the auditor trainee to the regional audit manager. With this in mind, it should be clear that the rudimentary nature of some of the material indicates its intention for the less experienced auditor.

The first comprehensive audit of the Child Support Enforcement programs of all 54 U. S. jurisdictions is to begin as soon after October 1, 1977 as administratively possible. At the conclusion of the training program and with the aid of this manual, it is hoped that each member of the OCSE auditing team will be well prepared to perform thorough, objective and accurate evaluations of the IV-D programs for which they are responsible.

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HOW TO USE THE OCSE AUDITOR'S MANUAL

This Manual is intended for use by OCSE Auditors in training for performance of audits of State IV-D Programs. It will also serve as a reference source and guidebook for conducting the annual audits.

It is designed for use by both Instructors and Auditor students. By following the "training guides" and the supplementary material, the user will be able to prepare for auditing Child Support Enforcement programs.

The Manual is divided into ten Units of Instruction on the background of OCSE, the organizational structure of the Office and its Audit component, and the instructions for OCSE auditing. An Appendix of essential reference material concludes the Manual.

Each Unit begins with a "training guide" which includes:

1) a synopsis of the Unit content;
2) the objectives expected to be achieved in training;
3) the learning procedure to be followed;
4) a statement of the process for evaluating learning achievement; and,
5) an itemization of the materials necessary for performing the training tasks of the Unit.

The training guide serves the dual purpose of a syllabus for the Instructor and of an outline of the Unit content for the Auditor student. It tells the Auditor what he needs to know and how to obtain the information, whether it is contained in the guide itself or in the Topics, Charts, Maps and Tables of the Unit. Factual data contained within the guide is indicated by italic text.

In general, each Unit follows this learning procedure:

1) a brief overview of the Unit;
2) presentation of the materials needed for Instruction;
3) an outline of the subject matter to be discussed or studied, including specific data where appropriate;
4) references to Topics, graphic presentations and tabular data to be studied;
5) exercises to be performed in use of knowledge acquired, including group discussions, quizes, and written responses; and,
6) a review, opportunity for questions, and a summarization of the Unit.

"Topics" are narrative sections of certain Units which explain information and issues of primary importance to Auditors. In some instances, students will be expected to follow the Instructor's discussion of the Topic; in others, he will be expected to study independently, and some Topics provide background material for class discussion or performance of other exercises.

The Charts, Maps and Tables are intended to help the Auditor visualize concepts and to supplement other material presented. Exercises provide the Auditor student an opportunity to employ knowledge gained from training in practice situations.

The focus of the training course and of the audit program is contained in Unit VIII. Here is presented the step-by-step instructions for conducting the audits. The training guide draws attention to items of special significance to Auditors including the format in which the Audit Steps are presented for use. The meaning of the Audit Criteria, Objectives and Steps is explained.

Following the guide is a presentation of the Audit Steps to be performed, which are divided into four stages. These steps will be applied at various points of the State IV-D program to measure the effectiveness of meeting the Objectives of the Audit Criteria. An "OCSE Auditor's Checklist" is provided for validating State compliance in short form.

UNIT I

UNIT I

Introduction to the Office of Child Support Enforcement

SYNOPSIS

This Unit provides the Auditor with an introduction to the Office of Child Support Enforcement (OCSE), identification of its derivation, and presentation of the purpose, goals and objectives.

OBJECTIVES

1. The Auditor will be able to demonstrate understanding of the origin of OCSE.
2. The Auditor will trace the development of OCSE from its Congressional authorization to implementation by the Department of Health Education and Welfare.
3. The Auditor will identify the purpose of OCSE, its goals, and the objectives of the Federal role in child support enforcement.

LEARNING PROCEDURE

1. Introduction to Unit.
2. Presentation of materials.
3. The Instructor will discuss:
   a. the origins of OCSE including
      1) Congressional action to create a single separate organizational unit to oversee child support enforcement, and
      2) Action by the Department of Health Education and Welfare to implement its Congressional mandate.
   b. the purpose of OCSE.
   c. the goals of OCSE.
   d. the objectives of OCSE.
4. The Auditor will follow the Instructor's discussion by perusing the Manual Topic "Introduction to OCSE" beginning on Page 2.
5. The Auditor will refer to pertinent statutory and regulatory citations including:
   a. Part B of P. L. 93-647.
   b. *Federal Register*, Volume 41, No. 183, 9-20-76.
6. The Instructor will review the Unit, provide opportunity for questions, and summarize the content.

EVALUATION PROCESS

1. Review, questions, clarifications, summary.

MATERIAL	Location:	
1. Topic I - "Introduction to OCSE"	UNIT I	Page 2
2. Excerpts from P. L. 93-647	APPENDIX	Page 104

Topic 1
INTRODUCTION TO OCSE

On January 4, 1975, two and one half decades after Congress first began to address the problem of desertion and nonsupport of children, P. L. 93-647 was signed into law. This comprehensive measure brought into existence a major Federal agency to correct the problem: the Office of Child Support Enforcement.

The law became Part D of Title IV of the Social Security Act; thus, the child support enforcement program is commonly referred to as the IV-D program.

Under the law, major changes in the child support enforcement system were mandated. Administrative procedures and financial incentives contained in the law were designed to enable and encourage States to improve child support activities.

However, Congress recognized that in the past the lack of uniformity in State effort and operations and the failure of the Federal government to vigorously enforce requirements had eroded the effectiveness of child support enforcement. To ensure that changes in the program provided by P. L. 93-647 became effective, Congress centralized and expanded the Federal role in the child support system.

The Department of Health, Education and Welfare was directed to coordinate and oversee State efforts to identify and locate absent parents, and to determine, obtain and distribute support payments to children receiving public assistance under the Aid For Dependent Children program (Title IV-A of the Social Security Act).

Specifically, P. L. 93-647 required the Secretary of HEW to establish a central, separate unit within the department to administer the program. Acting on that mandate, the Secretary, in July, 1975, designated the Administrator of Social and Rehabilitation Service to also direct a separate child support unit: the Office of Child Support Enforcement.

In March, 1977, the Secretary moved the unit to the Social Security Administration (SSA) and designated the SSA Commissioner as Director of OCSE. The direct, day-to-day operation of the program, however, was placed in the hands of a Deputy Director.

When it was first passed, P. L. 93-647 had created some problems for the States and for AFDC recipients. To correct these problems and to further clarify the law, the next Congress first delayed the effective date of the program (P. L. 94-46) and then passed correcting legislation (P. L. 94-88). In the same Congress, further amendments to SSA related to IV-D but not directly affecting OCSE were passed (P. L. 94-365 and 94-566). These measures are discussed further in Unit II.

Purpose of OCSE. The Office of Child Support Enforcement was created for the purpose of executing the provisions of Title IV-D which established the Federal role in child support enforcement.

Goals of OCSE. The goals of the office coincide with those of Title IV-D. OCSE aims are to assist the States in obtaining child support owed by absent parents to their children, in locating absent parents, in establishing paternity, and in enforcing support obligations of absent parents.

Objectives of OCSE. To achieve these goals, OCSE has several objectives established under the law. They are to:

- establish standards of performance and evaluation of State IV-D programs;
- review and approve State IV-D Plans for providing child support enforcement services;
- provide technical assistance to States;
- maintain records of amounts collected and disbursed under child support enforcement and of costs incurred;
- operate the Federal Parent Locator Service; and,
- conduct audits of State IV-D programs.

UNIT II

UNIT II

Title IV-D of the Social Security Act

SYNOPSIS

This Unit is divided into two sections to acquaint the Auditor with:

- the legislative background of the Child Support Enforcement Program and the requirements of P. L. 93-647, and
- the functional components of Child Support Enforcement.

OBJECTIVES

1. The Auditor will trace the legislative history of child support enforcement from Congressional recognition of the problem to establishment of a Federal child support enforcement program.
2. The Auditor will be able to state the statutory requirements of P. L. 93-647 for establishing and maintaining an effective child support enforcement program.
3. The Auditor will dissect the CSE system into six functional components and identify their purposes within the system.

LEARNING PROCEDURE

1. Introduction to Unit.
2. Presentation of materials.
3. The Instructor will discuss:
   a. the legislative history of Title IV-D of the Social Security Act;
   b. the statutory requirements of Part B of P.L. 93-647 (Title IV-D of SSA.)
4. The Auditor will follow the Instructor's discussion by perusing the Manual Topic "Legislative Background" beginning on Page 4.
5. The Auditor will study the functional descriptions of the components of the Child Support Enforcement (CSE) program outlined in the Manual Topic "Components of IV-D and the Federal Role" beginning on Page 6.
6. The Instructor will introduce the Auditor to pertinent statutory and regulatory citations including:
   a. Public Laws 93-647, 94-46, 94-88, 94-365 and 94-566.
   b. Chapter 300 of 45 Code of Federal Regulations.
7. The Instructor will review the Unit, provide opportunity for questions, and summarize the content.

EVALUATION PROCESS

1. Review, questions, clarifications, summary.

MATERIALS	Location:	
1. Topic 2 - "Legislative Background"	UNIT II	Page 4
2. Topic 3 - "Components of IV-D and the Federal Role."	UNIT II	Page 6
3. Excerpts from Public Laws 93-647, 94-46, 94-88, 94-365, and 94-566.	APPENDIX	Page 104

Topic 2
LEGISLATIVE BACKGROUND

Since at least 1941, the Congress has been concerned about the problem of parents who desert their families, often leaving them with no choice but to fall back on public assistance as their source of income. The first legislation related to child support that the Congress passed was in 1950, amending the Social Security Act to require State welfare agencies to notify appropriate law enforcement officials upon the furnishing of Aid to Families with Dependent Children in respect to a child who had been deserted or abandoned by a parent.

Over the next several years, it became apparent, due to the increasing number of AFDC recipients who had been deserted or abandoned by a parent, that this notification procedure was having little, if any, impact on the problem. In 1965 and 1967, Congress again passed legislation attempting to solve the problem. The 1965 amendments, Public Law 89-97, provided that the State or local welfare agency could obtain the address or place of employment of an absent parent from the Secretary of Health, Education and Welfare in certain situations. The 1967 amendments, Public Law 90-248, added section 410 to the Act to provide for obtaining address information from the Internal Revenue Service. Information was only available in those AFDC cases in which there was a court order for child support or a petition for such an order.

The 1967 amendments also strengthened State child support programs by requiring that as part of its AFDC program each State establish a single organizational unit to attempt to establish paternity and collect support for children receiving public assistance, who had been deserted by their parents. The States were required to utilize reciprocal arrangements with other States and to enter into cooperative arrangements with appropriate courts and law enforcement officials.

By 1972, it was apparent that the 1967 amendments were not, with a few notable exceptions, being vigorously implemented by the States. In addition, the Department of Health, Education, and Welfare (HEW) was not placing a high priority on enforcing the child support provisions of the Act.

In reaction to this situation, the version of H.R. 1 (92nd Congress, 2nd Session) reported by the Senate Finance Committee on September 25, 1972 (Senate Report No. 92-1230) contained a new Part D of Title IV of the Act. This proposal, with some major exceptions, formed the framework for Title IV-D which was later enacted in Part B of Public Law 93-647.

The child support provisions of H.R. 1 were passed by the Senate, but not considered at the House-Senate Conference. However, in March 1973, the Committee on Ways and Means reported out H.R. 3153 which passed the House and was referred to the Committee on Finance.

On November 21, 1973, after consideration of the proposal passed by the House and the other bills before it, the Committee reported H. R. 3153 (93rd Congress, 1st Session) the Social Security Amendments of 1973, which included a new title IV-D proposal. The basic services to be provided were the same services included in the Title IV-D proposal of H. R. 1.

Under H.R. 3153, the Child Support Enforcement program would now be a State program and a penalty could be imposed which would result in the loss of 5 percent of Federal financial participation in the AFDC program if a State did not have an effective Child Support Enforcement program.

H.R. 3153 was passed by the Senate in November 1973, but no House-Senate conferences on provisions related to child support were held. However, in late 1974 when H.R. 17045 (93 Congress, 2nd Session) establishing a new Title XX of the Act for social services went to conference committee, the child support provisions of H.R. 3153 were added to the bill.

H.R. 17045 as amended was approved by both Houses and signed by the President on January 4, 1975. The effective date of the statute was to be July 1, 1975, except for the provision on garnishment which was effective immediately. The legislation was designated as P.L. 93-647.

Prior to the effective date of the program, several problems were identified with the legislation. The major problems were State difficulties in implementation and possible adverse impacts on AFDC recipients. In order to allow additional time to develop solutions to these problems, the effective date of the program was delayed from July 1, 1975, to August 1, 1975, by P.L. 94-46. To alleviate the problems themselves, Congress passed P.L. 94-46.

Further legislation was needed and in July, 1976, Congress passed P.L. 94-365. Section 3 of this law extended the Federal Financial Participation (FFP) for non-AFDC activities for one year to June 30, 1977. In P.L. 94-566, Section 508, state employment agencies were added to the list of sources from which absent parent addresses could be obtained. This became effective October 20, 1976.

Finally, P.L. 95-30, signed into law May 23, 1977, revised the incentive payment provision of Title IV-D to 15 percent from 25 percent. The change became effective as of October 1, 1977, reducing the amount due a State for helping enforce child support on behalf of another State or due to a local political subdivision for providing the same assistance.

STATUTORY REQUIREMENTS OF TITLE IV-D OF THE SOCIAL SECURITY ACT.

In summary, P. L. 93-647 imposed these new requirements on the Child Support Enforcement system:

- establishment of a *single and separate organizational unit* with the Department of Health Education and Welfare to be responsible for the federal role in child support enforcement;
- establishment of a *Parent Locator Service* to aid States in the location of absent parents;
- creation of *incentive payments* for localities and States to encourage active enforcement and collection of child support;
- *garnishment* provisions of the law would be extended to Federal employees and employees of the District of Columbia;
- the Federal OCSE would conduct periodic and comprehensive annual *audits* of State programs to ensure effectiveness and compliance; and
- established a *penalty* to be imposed upon States which do not conform to federal requirements and those of State IV-D plans.

Topic 3
COMPONENTS OF IV—D AND THE FEDERAL ROLE

The components of the Child Support Enforcement program which developed out of Title IV-D of the Social Security Act involve the Federal government, the State and local agencies responsible for enforcing child support and the principal processes.

Although the primary responsibility for locating absent parents, establishing paternity and securing support rests with the State (see Unit VI) utilizing State laws and procedures, Title IV-D substantially increased the Federal role in child support enforcement.

A New Federal Agency. Under Title IV-D, the Department of Health Education and Welfare was required to establish a separate organizational unit, the head of which must report directly to the Secretary of HEW. OCSE is the separate organizational unit required by the Act.

OCSE has responsibility for reviewing and approving State IV-D Plans, establishing standards for effective State child support programs, establishing minimum organizational and staffing requirements for IV-D agencies, and evaluating the effectiveness of State programs. OCSE is also required to provide technical assistance to States, assist them with reporting procedures, and maintain records of program operations and child support expenditures and collections.

The Federal Parent Locator Service is a major requirements imposed on HEW and is its most direct involvement in the child support enforcement process.

Federal Aid. Section 455 of the Act provides for 75 percent Federal financial participation in the administrative costs incurred by the States pursuant to an approved IV-D Plan. This includes costs incurred by law enforcement officials pursuant to cooperative agreements with the IV-D agency. The rate of Federal reimbursement has increased substantially as compared to the 50 percent reimbursement available under the repealed child support provisions of Title IV-A.

State IV-A and State IV-D Programs. The cornerstone of the IV-D program is actually a requirement of Title IV-A of the Act. According to that part, each applicant for or recipient of Aid for Dependent Children is required, as a condition of eligibility , to make an assignment of support rights to the State. In the absence of such an assignment, a child support case is outside of the IV-D program and is not eligible for Federal financial participation under Title IV-D.

Each applicant or recipient is also required, as a condition of eligibility for AFDC, to cooperate with the State if necessary in establishing paternity and securing support. As part of P. L. 94-88, Congress provided an exception to cooperation in those cases where it would not be in the interests of the child to cooperate. These requirements also come under Title IV-A and therefore are administered by the State IV-A Agency.

In addition to the existing IV-A agency, each State was required to establish or designate a single and separate organizational unit to administer the IV-D program within the State. This unit is referred to as the IV-D agency. The IV-D agency may be established as a new State agency or may be located within an existing department such as the State welfare agency.

The IV-D agency is reponsible for establishing paternity and securing support on behalf of AFDC children for whom there is an assignment of support rights in effect.

Local Organizations. Local organizations may operate the State IV-D programs by delegation, but the responsibility for their effectiveness falls on the State. At the least, the State itself must have an organizational structure and staff to establish and administer the State IV-D Plan, evaluate the services provided, and maintain financial control.

Operating under mandatory requirements of the State Plan, local organizations may provide such services of child support enforcement as the State designates. However, it is the responsibility of the State to ensure they are properly, effectively and efficiently performed.

Collection and Distribution. Obtaining child support payments and distributing them are key process components of the IV-D program. The State is reponsible for collecting payments and distributing the receipts to the families. However, the Federal courts, upon certification by OCSE, may be asked to step in in interstate collection cases, and the Internal Revenue Service (again with OCSE certification) may be asked for assistance in collection of delinquent payments.

Incentive Payments. A unique financial provision of Title IV-D is contained in Section 458 of the Act. Political subdivisions which enforce and collect child support on behalf of the State receive an "incentive payment" in cases involving an AFDC recipient. The provision also applies to States which enforce and collect child support on behalf of other States.

Until October 1, 1977, the incentive is 25 percent of the amount of the collection which is used to reimburse assistance payments. The collection is remitted to the State to which the payment is owed and that State, in turn, returns the 25 percent in-

centive portion to the collecting political subdivision or State. As of October 1, 1977, the incentive payment changes to 15 percent.

This payment represents a true incentive to the jurisdiction receiving it since it is financed entirely from the amount of the child support collection which would otherwise be reimbursed to the Federal government.

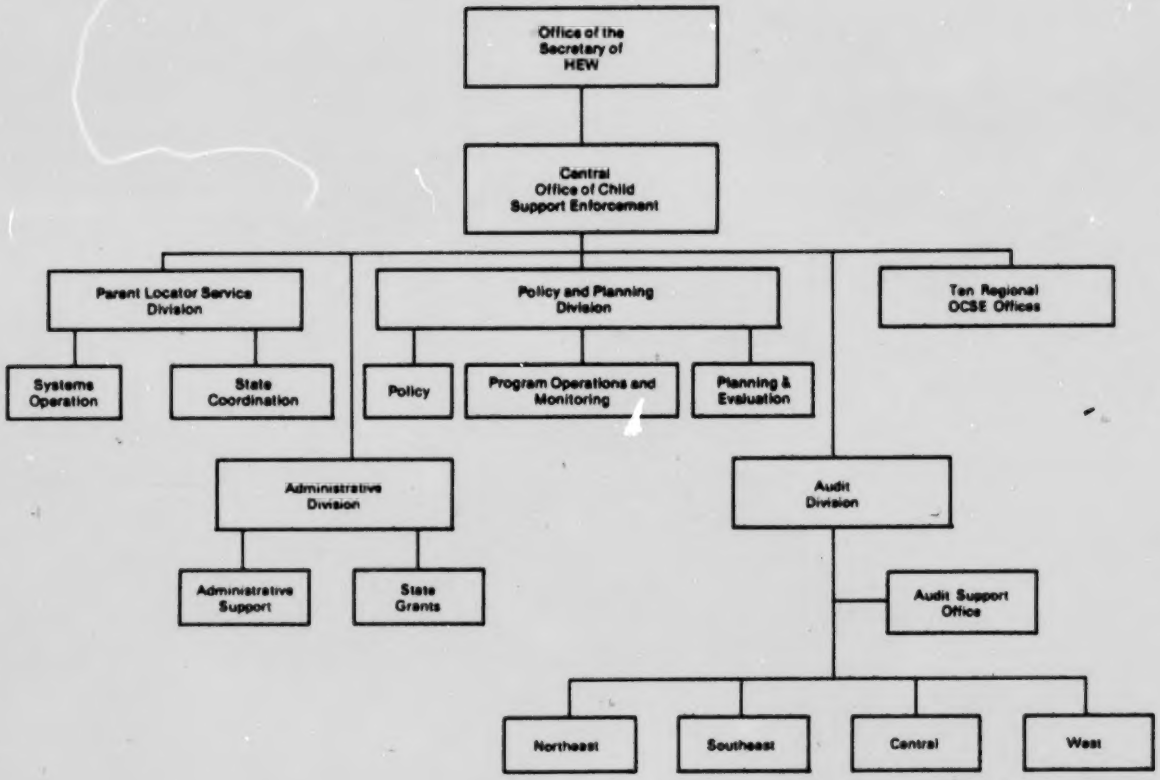
The change in incentive payment to 15 percent was mandated by Section 503 of P. L. 95-30 which was signed into law May 23, 1977.

For auditing purposes, an incentive payment figure of 25 percent will be used in the first annual audit which covers the period January 1, 1977 through September 30, 1977. All future audits will consider the permanent incentive payment figure to be 15 percent.

UNIT III

Chart I

THE WORKING STRUCTURE OF OCSE



UNIT III

Organizational Structure of OCSE

SYNOPSIS

This Unit contains narrative and visual aids describing the organizational structure of OCSE and the functions of the Central Office, the ten Regional Offices, and the four divisions. An overview of audit staffing is presented.

OBJECTIVES

1. The Auditor will identify:
   a) the relationship of OCSE to the Department of Health Education and Welfare.
   b) the four divisions of OCSE central office and their branches and describe their functions.
   c) the place of the auditing function within the OCSE organization.
2. The Auditor will identify the various components of the auditing staff organization.

LEARNING PROCEDURE

1. Introduction to Unit.
2. Presentation of materials.
3. The Instructor will introduce the Auditor to the operational structure of OCSE by referring to the Chart "Working Structure of OCSE" at the beginning of the Unit.
4. The Instructor will discuss the OCSE organizational structure including these aspects:
   a. *OCSE is the single and separate unit responsible for the administration of the Federal Child Support Enforcement program.*
   b. *The Director of OCSE is the Commissioner of the Social Security Administration and reports directly to the Secretary of Health Education and Welfare. The Deputy Director of OCSE administers the program and is responsible for day-to-day operations.*
   c. *The central OCSE office in Washington, D.C. is divided into four divisions, each of which is subdivided into branches responsible for specific functions.*
5. The Auditor will study the text and graphic representations describing the central office structure under Manual Topic "Functional Descriptions of OCSE Divisions" beginning on page 11.
6. The Auditor will refer to Map I and identify the ten regional jurisdictions of OCSE and their regional centers (Page 14).
7. The Instructor will discuss the OCSE audit function including these aspects:
   a. *the two structural components of the audit program are*
      1) *the central office of the Audit Division which administers the audit program through four branch administrators and an office of Audit Support in Washington, D.C., and*
      2) *the field offices which are responsible for conduct of the audits and presentation of findings to headquarters.*
   b. *the staff of the audit operation are assigned to the following functional areas*

      ***Branch Office**, located in Washington, D.C. at OCSE headquarters, responsible for audits of a group of States within one of four geographic areas, overseeing field work;*

      ***Area Audit Office**, located in one of 15 major, centrally located cities around the nation, responsible for performance of audits of specific States within a branch region;*

      ***Sub Office**, located in certain cities within the jurisdiction of the Area Audit Office, responsible for performance of audits of States designated.*

      ***Audit Support Office**, located in Washington, D. C., responsible for technical support services and professional development activities for four branches.*

8. The Auditor will refer to the Table listing the officials of OCSE and their titles (Page 16).
9. The Instructor will review the Unit, provide opportunity for questions, and summarize the content.
10. The Auditor will complete a brief review examination (Page 17). — OPTIONAL

EVALUATION PROCESS

1. Review examination.
2. Review, questions, clarifications, summary.

MATERIALS	Location:	
1. Chart 1 - "Working Structure of OCSE"	UNIT III	Page 8
2. Topic 4 - "Functional Descriptions of OCSE Divisions" (with charts)	UNIT III	Page 11
3. Map 1, OCSE regions and regional centers	UNIT III	Page 14
4. Topic 5 - "OCSE Regional Offices"	UNIT III	Page 15
5. Table 1 - listing of OCSE officials & titles	UNIT III	Page 16
6. Exercise 1 - Quiz	UNIT III	Page 17

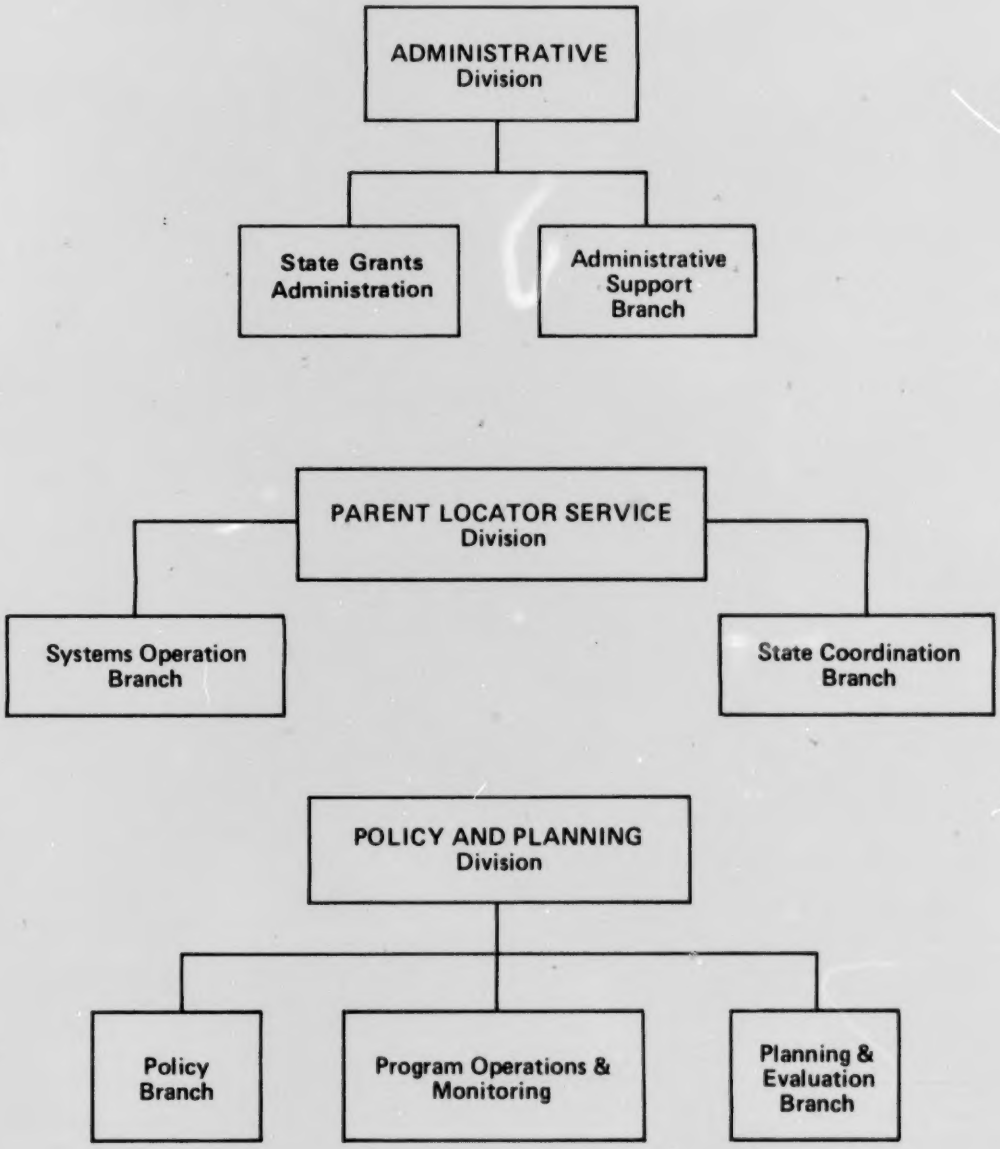
Topic 4
FUNCTIONAL DESCRIPTIONS OF OCSE DIVISIONS

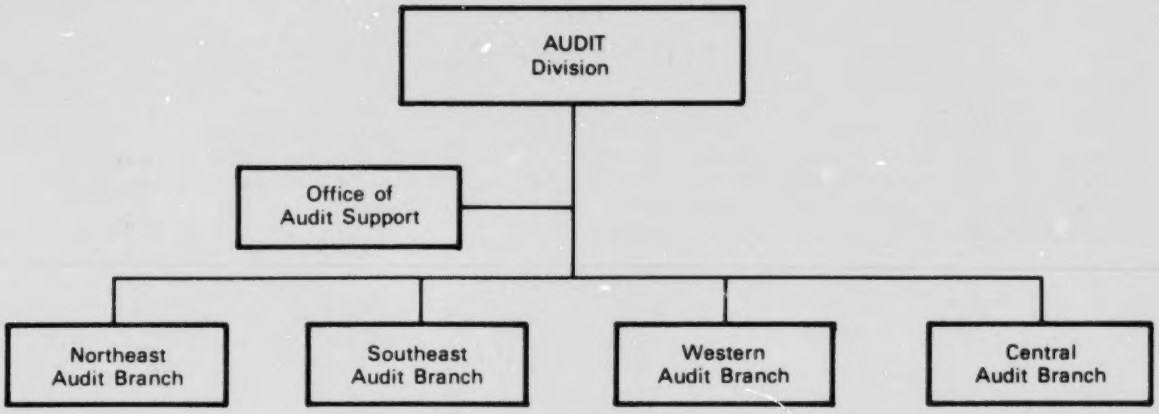
The central OCSE office is divided into four divisions which are subdivided into branches. Each branch of a division has specific functions necessary to the overall goals and objectives of OCSE. Within each division are specialists who perform prescribed tasks. The four divisions of OCSE are:

Audit Division
Administrative Division
Parent Locator Service Division
Policy and Planning Division.

The chart below identifies the organizational makeup of the division structure.

FOUR DIVISIONS OF OCSE AND THEIR BRANCHES





Audit Division

It is the function of the Audit Division to develop plans, schedules and standards for State Child Support Enforcement audits of the State CSE programs as required by Section 452(a)(4) of the Social Security Act, and to conduct annual audits and other audits of State CSE programs as necessary.

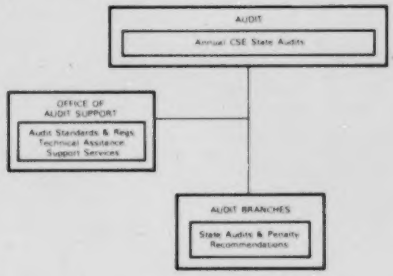
Based on the findings of these audits the Division makes recommendations on the imposition or non-impostion of the penalty provisions of Section 403(h) of the Social Security Act. To carry out these functions the Audit division operates one audit support office and four branches as shown in the accompanying chart.

Office of Audit Support. It is the function of the Office of Audit Support to provide a range of staff audit services not directly related to State audits. Specifically, the office.

- develops the standards and requirements for the annual audits of States' CSE programs required under Section 452(a)(4) of the Social Security Act.
- develops standards for the audit of other aspects of the States' CSE programs as necessary.
- provides technical assistance to the other audit branches in determining whether a State has an effective program as required by Section 403(h) of the Social Security act.
- processes audit reports on States' CSE programs.
- coordinates the reconsideration process activities of the Audit Division.
- maintains liaison with the HEW Inspector General, GAO, General Counsel and other operating groups within OCSE.
- coordinates the development and presentation of training programs.
- coordinates the development and maintenance of a Career Development System.
- coordinates the development, utilization and maintenance of a work measurement system for audit activities.

Audit Branches. The Audit Branches, in turn:

- conduct the annual audits of the States' CSE program required by Section 452(a)(4) of the Social Security Act in the 50 States, Guam, Puerto Rico, the Virgin Islands and the District of Columbia.
- prepare interim reports to the States on the annual audits detailing deficiencies in the States CSE programs.
- obtain States' comments on the interim reports and evaluate the comments for inclusion in the final report.
- prepare final reports to the Director and Deputy Director on the annual audits including recommendations on whether the penalty provisions of Section 403(h) of the Social Security Act should be invoked.
- conduct such other audits of the States' programs as necessary.



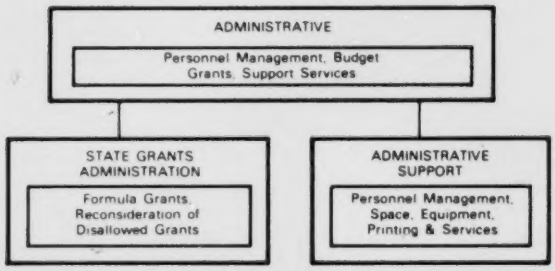
Administrative Division

It is the function of the Administrative Division to provide administrative support for all Office of Child Support Enforcement activities.

The Division provides administrative management, coordination and technical guidance to the OCSE Regional Offices nationwide to ensure uniform, orderly, and consistent operating practices and procedures throughout the entire organization.

The Division provides administrative support to the audit program in the areas of personnel management, training, procurement, office space, printing, equipment and other service. In addition, for the area audit staff, the branch maintains liaison with appropriate HEW Regional Offices to assure that administrative management support is provided to those offices.

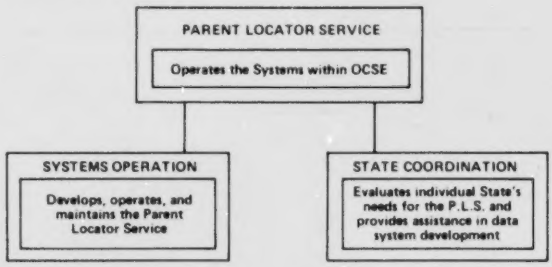
The Division also maintains financial control over formula grants to States for child support enforcement activities, reviews regional office decisions to allow or disallow State estimates and expenditures, and coordinates the processing of State requests for reconsideration of disallowed grants. It plans, executes, and coordinates all budget activities including development, execution, and review for central office and the regional offices.


ADMINISTRATIVE
Personnel Management, Budget Grants, Support Services
STATE GRANTS ADMINISTRATION
Formula Grants, Reconsideration of Disallowed Grants
ADMINISTRATIVE SUPPORT
Personnel Management, Space, Equipment, Printing & Services

Parent Locator Service Division

The primary functions of the Parent Locator Service Division are to operate, maintain and enhance the Federal Parent Locator Service (FPLS) in support of the child support enforcement program performing such functions necessary to maintain a high quality of service, and to provide national leadership and guidance to State and local IV-D agencies in the design, development, operation and enchancement of automated information systems to support their parent locator services.

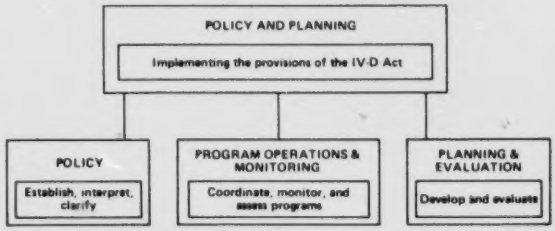
The Parent Locator Service Division operates through two branches which are identified in the accompanying chart.


PARENT LOCATOR SERVICE
Operates the Systems within OCSE
SYSTEMS OPERATION
Develops, operates, and maintains the Parent Locator Service
STATE COORDINATION
Evaluates individual State's needs for the P.L.S. and provides assistance in data system development

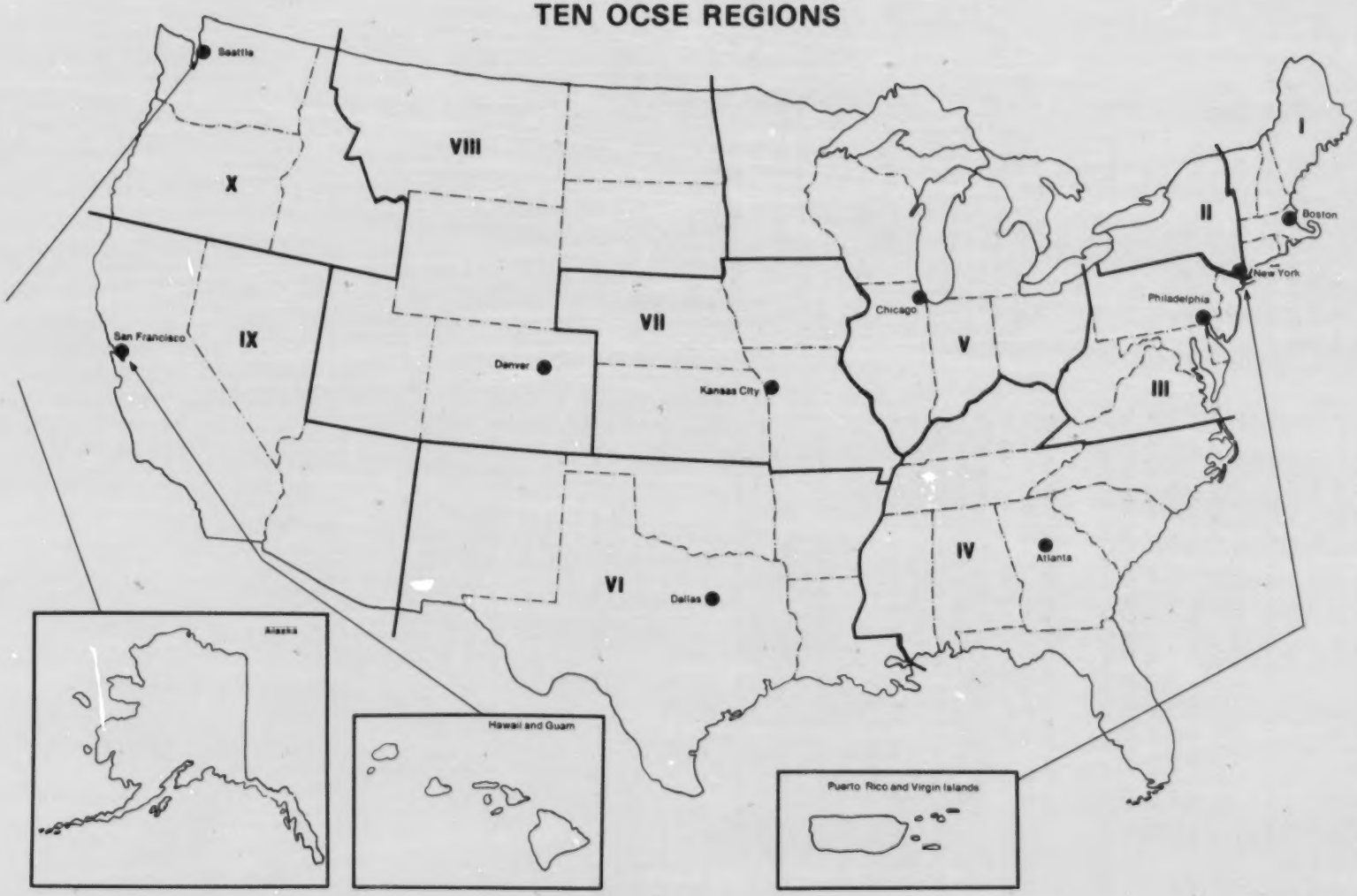
Policy and Planning Division

The primary function of the Policy and Planning Division is to develop, review and manage all matters related to the policies, regulations and legislation relevant to the child support enforcement program. This is accomplished through policy interpretation and development, evaluation of State programs, and recommendations for improvement and implementation.

The division is organized in three branches as indicated by the accompanying chart.



Map 1
TEN OCSE REGIONS



Topic 5
OCSE REGIONAL OFFICE

In addition to the four divisions of the central Office of Child Support Enforcement, there are 10 Regional Offices located throughout the United States. These Regional Offices are responsible for assisting the 50 states, the District of Columbia, Guam, Puerto Rico and the Virgin Islands in establishing and operating an effective State child support enforcement program under Title IV-D of the Social Security Act.

The Regional Offices are responsible for interpreting the policies and directives of the Policy and Planning Division.

Each OCSE Regional Office is headed by a Regional Representative who reports directly to the Deputy Director of the Office of Child Support Enforcement.

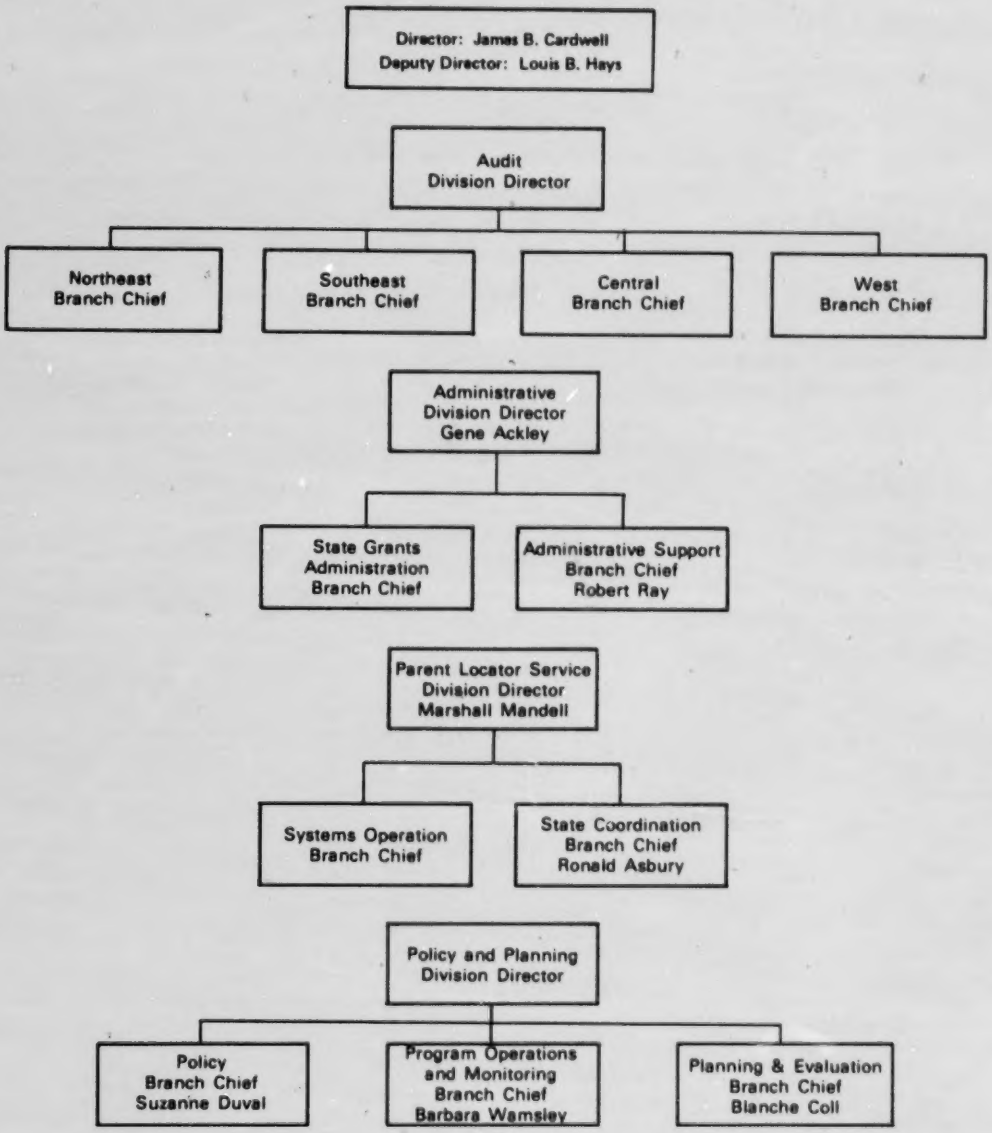
Each State is assigned to an OCSE Regional Office. The Regional Office has the following responsibilities toward the State:

- provides interpretations of the Child Support Enforcement program regulations to State agencies;
- reviews and approves or recommends disapproval of State plans, State plan amendments and certain project grants;
- approves or disapproves fiscal reports and grant awards;
- evaluates the implementation of State programs; and
- provides technical assistance to States in establishing effective programs;

The regional OCSE office also:

- monitors State agency operations in order to maintain a broad awareness of program activity;
- stimulates State action toward achievement of selected program objectives;
- assists States in the maintenance of ongoing program activities;
- receives, reviews, and certifies, when appropriate, certain requests to use the IRS and the Federal Courts for collection or enforcement of support obligations.

Table 1
OCSE OFFICIALS AND TITLES



10 Regional Representatives

Region I	Thomas W. Hughes	Region VI	Arlus Johnson
Region II	Joseph Steigman	Region VII	Robert Hyde
Region III	Daniel Fascione	Region VIII	Garth Youngberg
Region IV	Charles Post	Region IX	Richard Lewis
Region V	William Kelsay	Region X	Barbara Henderson

Exercise 1
QUIZ
(Optional)

The Auditor will indicate his understanding of the organizational structure of OCSE by circling the number of the correct statement in each of the following exercises:

A. Responsibility

1. OCSE is one of several units responsible for the administration of the Federal Child Support Enforcement program.
2. OCSE is the only unit responsible for administration of the Federal Child Support Enforcement program.
3. OCSE, assisted by other units, has the main responsibility for administering the Federal Child Support Enforcement program.
4. None of the above.

B. Reportive

1. The Director and Deputy Director of OCSE both report directly to the Secretary of Health Education and Welfare, having dual responsibility for day-to-day operations of the program.
2. Only the Director of OCSE reports directly to the Secretary of Health Education and Welfare; with the Deputy Director responsible for OCSE daily operations.
3. The OCSE Director operates independently of the Secretary of Health Education and Welfare.
4. None of the above.

C. Central Office Divisions

The central OCSE office in Washington, D. C., is divided into four divisions as follows:

1. a) Administrative b) Policy c) Planning d) Audit
2. a) Systems b) Parent Locator Service c) State Coordinator d) Audit Office
3. a) Administrative b) Parent Locator Service c) Policy & Planning d) Audit

D. Correctly identify and list the four Divisions of OCSE and their branches:

1. Division
   a. b. Branches
2. Division
   a. b. Branches
3. Division
   a. b. c. Branches
4. Division
   a. b. c. d. Branches

E. Administration

1. The Child Support Enforcement program is administered by the Central office only.
2. The Child Support Enforcement program is administered by ten Regional Offices and the central office.
3. The Child Support Enforcement program is administered by ten Regional Offices only.
4. None of the above.

Answers are found in the Appendix on Page 118.

UNIT IV

UNIT IV

Organization of the OCSE Audit Division and the Location and Manpower of Audit Offices

SYNOPSIS

This Unit describes the audit organization of OCSE, the division of labor, and internal relationships. Included are graphic representations and narrative descriptions of branch and area audit offices and suboffices, as well as staff functional descriptions.

OBJECTIVES

1. The Auditor will describe the division of labor among the central, branch and area audit offices.
2. The Auditor will be able to interpret the functional relationships among the components of the auditing organization.
3. The Auditor will identify the location and manpower of the branch and area audit offices and suboffices.
4. The Auditor will identify the responsibilities of the various audit staff positions.

LEARNING PROCEDURE

1. Introduction to Unit.
2. Presentation of materials.
3. The Instructor will discuss the OCSE audit organization including the following aspects:
   a. *The OCSE audit program is administered from the central office in Washington, D. C. under the direction of the Director of the Audit Division, with audit support services provided by the Audit Support Office at headquarters.*
   b. *The field audits are supervised by four branch offices at Audit Division headquarters. Each Branch is under the direction of a Branch Chief, who is responsible for the audits of States within one of four geographic areas of the nation.*
   c. *Final audit reports and recommendations on imposition of penalties are prepared by the branch offices.*
   d. *The Office of Audit Support has these principal responsibilities:*
      1) *develop standards and requirements for annual audits;*
      2) *provide technical assistance to the audit branches;*
      3) *process audit reports;*
      4) *coordinate professional development activities and work measurement system.*
4. The Auditor will study Map 2 and the organizational chart "Branches, Area Offices & Sub Offices" on Page 22 while the Instructor discusses the following elements:
   a. *The Audit Branch Offices are responsible for planning and administering the comprehensive audits of the IV-D programs of States within their specific geographic jurisdictions.*
   b. *The Area Audit Office, headed by an Area Audit Supervisor, is the functional subunit of the Branch and executes the audits of States in specific geographic areas of the branch regions.*
   c. *Sub Offices have been assigned to various cities as out-stations of certain Area Audit Offices and are responsible for executing audits of States designated for their areas.*
   d. *There are four regional branches, 15 Area Audit Offices and three Sub Offices. Each Audit Branch has from three to four Area Audit Offices. Each Area Audit Office is responsible for auditing from two to five States.*

e. *The Area Audit Offices and Sub Offices are located in major metropolitan centers or State capitals with adequate transportation to other States and cities within the jurisdiction of the area audit office.*

6. The Auditor will study the Table "Audit Offices and their Audit Jurisdictions" on Page 24 to ascertain which jurisdictions each audit office is responsible for.
7. The Instructor will ask selected Auditors to orally identify jurisdictions of various audit offices.
8. The Auditor will study the Chart "Abridged Model of OCSE Audit Staff Organization" on Page 25 and the Table "Position Description Summaries to ascertain the division of labor and the hierarchy of the OCSE Audit Organization.
9. The Auditor will test his knowledge of the audit organizational structure by performing the following exercise:

   "Draw a diagram that shows the relationship of the Auditor to the OCSE Audit Organization. . . Describe in a brief written summary."

10. The Auditor will participate in a group discussion of the following review topic:

    "The Relationship Between the Audit Support Office and the field offices."

11. The Instructor will review the Unit, provide opportunity for questions and summarize the content.

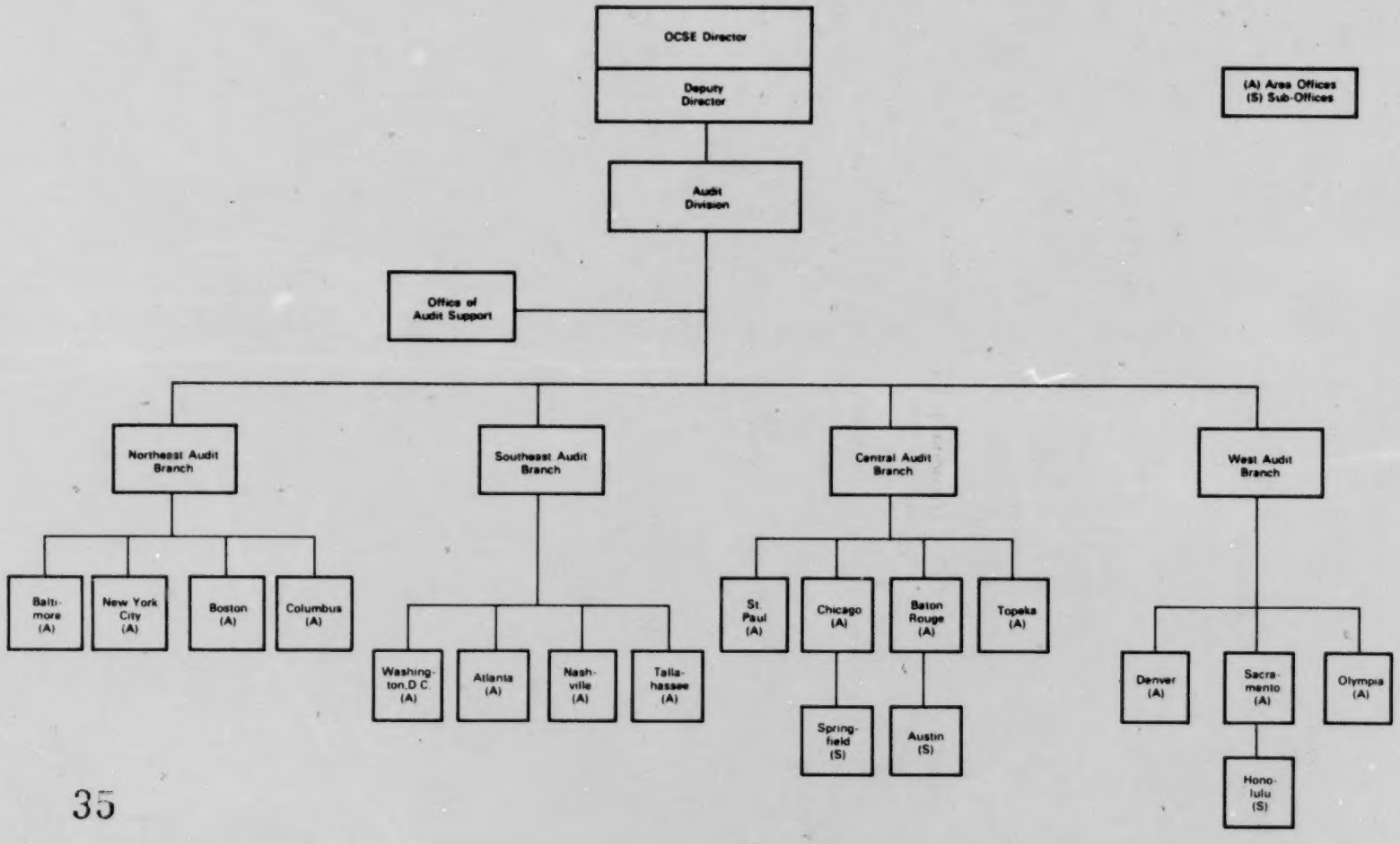
EVALUATION PROCESS

1. Oral questions presented by the Instructor.
2. Completion of exercise related to the OCSE audit structure.
3. Review, questions, clarification, summary.

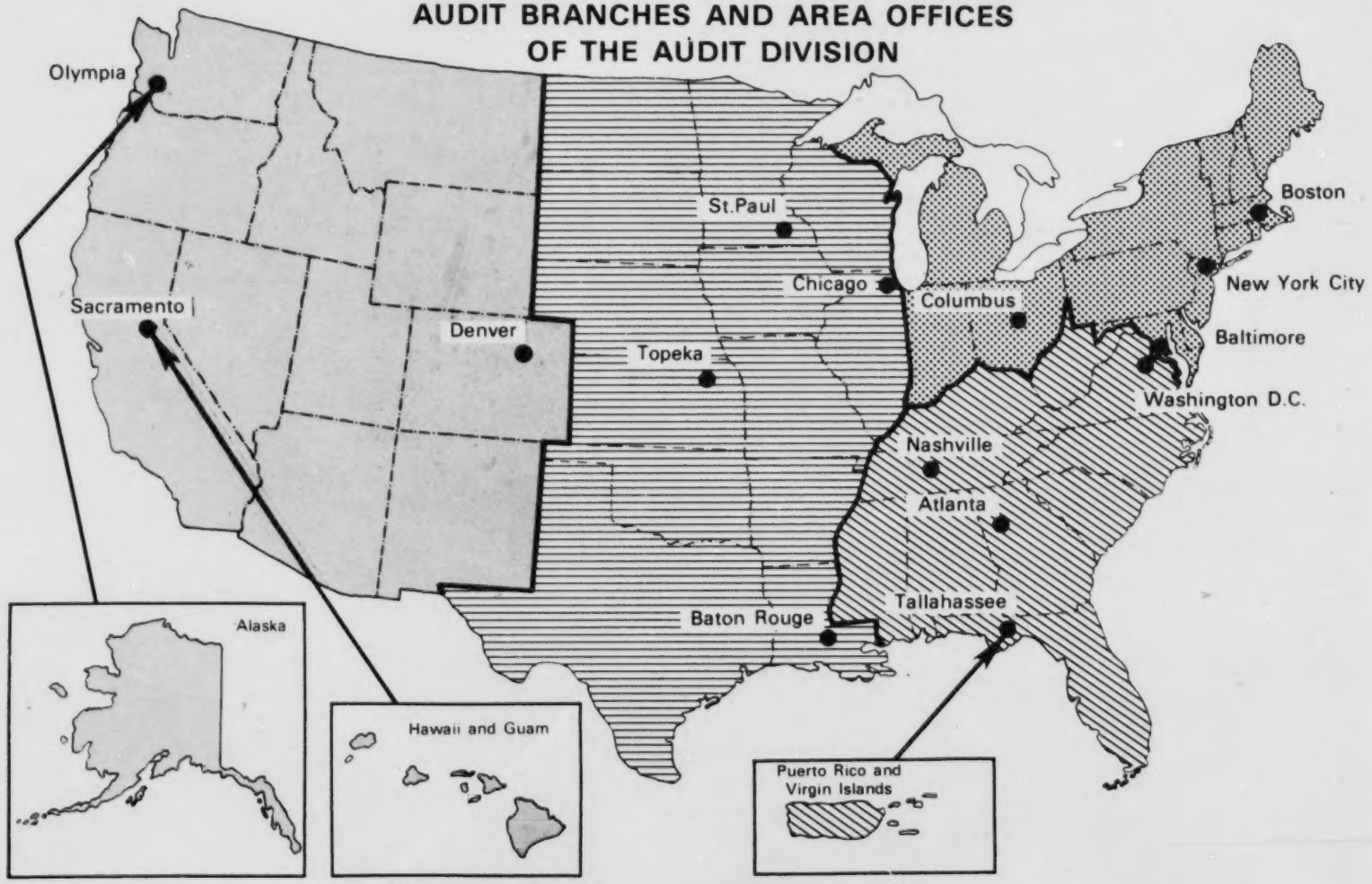
MATERIALS		Location:
1. Chart 2 - "Branches Area Offices & Sub Offices	UNIT IV	Page 22
2. Map 2 - location of branch, area audit offices and sub-offices	UNIT IV	Page 23
3. Table 2 - "Audit Offices and their Audit Jurisdictions"	UNIT IV	Page 24
4. Chart 3 - "Abridged Model of OCSE Audit Staff Organization"	UNIT IV	Page 25
5. Table 3 - "Position Description Summaries"	UNIT IV	Page 26
6. Exercise 2	UNIT IV	Page 27

Chart 2

BRANCHES, AREA OFFICES AND SUB-OFFICES
OCSE AUDIT DIVISION



Map 2
AUDIT BRANCHES AND AREA OFFICES OF THE AUDIT DIVISION



NORTHEAST AUDIT BRANCH

CENTRAL AUDIT BRANCH

SOUTHEAST AUDIT BRANCH

WEST AUDIT BRANCH

Table 2
AUDIT OFFICES AND THEIR AUDIT JURISDICTIONS

Audit Office	Audit Jurisdiction
Northeast Audit Branch	
Baltimore Area Office	Delaware, Maryland, Pennsylvania
New York City Area Office	New York, New Jersey
Boston Area Office	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
Columbus Area Office	Indiana, Michigan, Ohio
Southeast Audit Branch	
Washington, D.C., Area Office	District of Columbia, Virginia, West Virginia
Atlanta Area Office	Georgia, North Carolina, South Carolina
Nashville Area Office	Alabama, Kentucky, Mississippi, Tennessee
Tallahassee Area Office	Florida, Puerto Rico, Virgin Islands
Central Audit Branch	
Chicago Area Office Springfield Sub Office	Illinois, Wisconsin
Baton Rouge Area Office Austin Sub Office	Arkansas, Louisiana, Oklahoma, Texas
St. Paul Area Office	Minnesota, North Dakota, South Dakota
Topeka Area Office	Kansas, Iowa, Missouri, Nebraska
West Audit Branch	
Denver Area Office	Arizona, Colorado, New Mexico, Utah, Wyoming
Olympia Area Office	Alaska, Idaho, Montana, Oregon, Washington
Sacramento Area Office Honolulu Sub Office	California, Guam, Hawaii, Nevada

Chart 3
ABRIDGED MODEL OF OCSE AUDIT STAFF ORGANIZATION

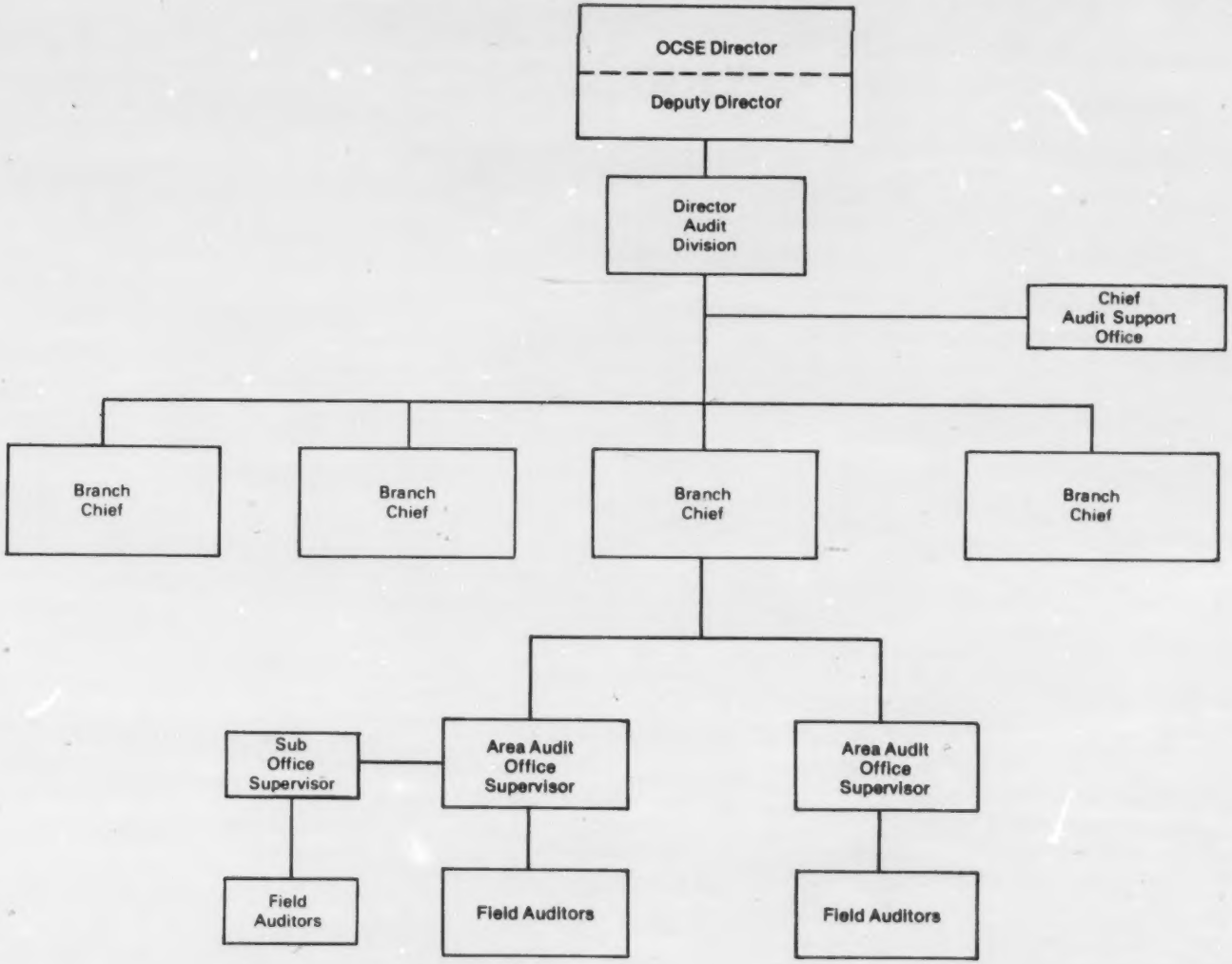


Table 3
Position Description Summaries

The following descriptions are summaries of the responsibilities and authority of the various position classifications within the audit system. Of the 125 positions established to conduct the first annual audit of State IV-D programs, all but a few at OCSE headquarters are to be stationed in the field. Among the audit headquarters staff are the Audit Division Director, the four Branch Chiefs, and the chief of the Audit Support Office. The varying "Auditor" position descriptions indicate varying levels of experience and responsibility.

1. **Branch Chief**

   Directs the conduct of audits of State CSE programs within the geographic boundaries of a branch region. Responsible for planning, scheduling and assigning staff for the individual State audits.

   Operates from OCSE headquarters in Washington, D. C.

2. **Area Audit Office Supervisor**

   Principal supervisor of field staff engaged in conducting audits of State CSE programs to assure compliance and effectiveness. Responsible for States within a specific geographic area of the branch region. Reports directly to the Branch Chief. May direct activities of one or two Sub Offices. Stationed in central cities of the branch region.

3. **Auditor (Senior)**

   Operates as team leader in preparation for and performance of audits of assigned States. Responsibility includes measuring adequacy of financial operations and compliance with applicable laws and regulations; evaluating economy and efficiency; determining achievement of CSE program objectives. Functions under general administration and technical direction of Area Audit Supervisor. May act as Sub Office Supervisor, supervising Area Audit Office where operation is too small to merit full supervisor.

4. **Auditor**

   Works with senior auditor in conducting segments of audits of State CSE programs. Work may be performed independently, with referral of problem areas to supervisor for advice and concurrence. Reports to Area Audit Supervisor.

5. **Auditor**

   Works under direct supervision of senior auditor in conducting audits of States and participating local organizations. Conducts limited portions of audits.

6. **Auditor Trainee**

   As an advanced trainee and team member, works with senior auditor in conducting audit. Assists higher grade auditors of Area Audit Office in carrying out segments of audits.

7. **Auditor Trainee**

   As a trainee, observes and works with senior auditors in conduct of State audit. Performs routine technical assignments as training for greater professional competence.

EXERCISE 2

Draw a diagram that shows the relationship of the Auditor to the OCSE Audit Organization. Describe in a brief written summary.

UNIT V

UNIT V
Overview of the OCSE Audit Program

SYNOPSIS

This Unit analyzes the purpose, goals and objectives of the OCSE Audit Program for evaluating the effectiveness and compliance of State IV-D programs, with particular attention to the penalty provision of P.L. 93-647.

OBJECTIVES

1. The Auditor will identify the purpose of the annual audit of State IV-D programs and the significance of the penalty provision.
2. The Auditor will define the goals and objectives of the OCSE audit program.

LEARNING PROCEDURE

1. Introduction to the Unit.
2. Presentation of Unit Materials.
3. The Instructor will discuss:
   a. *the purpose of the annual audits:*
   b. *the imposition of a severe financial penalty on States found as a result of the audit to be in non-compliance with Federal regulations.*
   c. *the two principal goals of the audits:*
      1) *to ensure compliance with Federal standards, and*
      2) *to ensure the Federal government will properly share in child support collections.*
   d. *the four principal objectives of the audits: to determine*
      1) *that the State has established an administrative mechanism for operating an effective program;*
      2) *that the State and its political subdivisions have knowledge of the operation of a IV-D program in accordance with appropriate legal requirements:*
      3) *that this knowledge is adequately disseminated; and,*
      4) *that it is being used effectively.*
   e. the first comprehensive annual audit.
4. The Auditor will accompany the discussion by following Manual Topic "Overview of the OCSE Audit Program" beginning on Page 30.
5. The Auditor will read the summary description entitled "Audit and Penalty Provisions" on Page 30 and refer to the pertinent regulatory citation.
6. The Auditor will participate in a group discussion on the following question:

   "What is the rationale for the penalty provision of Title IV-D?"
7. The Instructor will review the Unit, provide opportunity for questions, and summarize the content.

EVALUATION PROCESS

1. Review, questions, clarifications and summary.

MATERIALS	Location:	
1. Topic 6 - "Overview of the OCSE Audit Program"	UNIT V	Page 30
2. 45 CFR 305	APPENDIX	Page 114
3. 45 CFR 205.146	APPENDIX	Page 117

Topic 6
OVERVIEW OF THE OCSE AUDIT PROGRAM

Section 452(a) of the Social Security Act requires that, not less often than annually, the Office of Child Support Enforcement conduct a complete audit of the IV-D program in each State, and determine for the purposes of the penalty provision of Section 403(h) whether the actual operation of the IV-D program in each State conforms to the IV-D requirements.

The principal purpose of the audit program is to determine whether actual operation of a State IV-D program conforms to the requirements of the State Plan and to federal statutory requirements. If the audit finds a State's program is not in compliance with the law, the State is subject to a penalty of loss of 5 percent of the federal AFDC (Title IV-A) payments to the State for the period audited.

The potential fiscal impact is substantial. If all States were found out of compliance in the first audit, and thus subject to a 5 percent reduction of Federal IV-A reimbursement, the total penalty assessment against all 54 States would be $216 million for three quarters.

The goals of this effort are 1) to ensure compliance with Federal standards through the audit which will carefully examine State and local accounting for, control, and distribution of child support collections, and 2) to ensure that the Federal government will properly share in these collections, which are estimated to be more than $440 million in FY-77.

The overall objectives of the annual audit are to determine:

1. that the State has established an administrative mechanism for operating an effective program;
2. that the State and political subdivisions (as well as individuals or agencies operating under cooperative agreements or purchase of service contracts) have a full, demonstrated knowledge of the operation of a IV-D program in accordance with Federal statutes and regulations.
3. that this knowledge is disseminated to all individuals who have active participation in any phase of the administration of the IV-D operations; and
4. that this knowledge is being utilized in the establishment and operation of an effective IV-D program.

THE FIRST COMPREHENSIVE AUDIT

The first annual audit, which will be conducted during the period October 1, 1977, to September 30, 1978, will be retroactive for the period January 1, 1977, to September 30, 1977. The audit will consist basically of a systems audit, with the States' compliance with their State plans and Federal regulations being a prime consideration. For collection and disbursement procedures, the audit will include operational criteria.

During the period October 1, 1977, through September 30, 1978, OCSE will review 54 States (including the District of Columbia, Guam, Puerto Rico, and the Virgin Islands) and approximately 200 political subdivisions of these States. In each State, the number of political subdivisions audited will not be less than 2 nor more than 8. Selected samples will be made in all States and political subdivisions for the purpose of testing the systems in place. These samples may not be random or statistically valid for the purpose of projection, because no projection is needed.

At the conclusion of the audit field work an interim report, which lists in detail the results of the audit, will be prepared and sent to the State. The State will have 45 days from the date the report was sent to the State to respond to any parts of the report which the State believes to be in error. In issuing the final report, OCSE will incorporate the State's comments and take these comments into consideration in its decision whether to recommend that a penalty be taken.

The audit steps to be used in the conduct of this audit are in Unit VIII of this program. This audit program and the audit steps were developed to serve as a guide so that essential procedures are not overlooked, duplication of work is avoided, and there is a consistency of audit work performed from State to State. The audit program was designed to be detailed and stringent, yet flexible enough to apply to both State administered and State supervised systems.

The audit work will be done in accordance with the audit standards promulgated by the Comptroller General of the United States in the "Standards For Audit of Governmental Organizations, Programs, Activities and Functions."

AUDIT AND PENALTY PROVISIONS

The audit and penalty provisions of P.L. 93-647 are the principal means by which the Federal government can enforce the requirements for an effective child support enforcement program by the States.

The audit provision particularly encourages workable uniformity among the State IV-D efforts and is a means to determine if the States measure up to Federal requirements and their own objectives.

The penalty provision is the law's chief inducement to compliance. If a State is found by the annual audit to have a child support program which is ineffective by measurable standards or out of compliance with the law, it may be penalized by the withdrawal of 5 percent of its entitlement to Federal AFDC funds for the period audited.

In addition to measuring compliance, the audits also ensure proper distribution by the States of total child support collections, which are estimated to be more than $440 million for fiscal year 1977.

UNIT VI

UNIT VI

State IV-D Programs

SYNOPSIS

This Unit describes the requirements of Title IV-D prescribed for States to establish and maintain effective child support enforcement programs and presents the three manners in which IV-D programs may be administered.

OBJECTIVES

1. The Auditor will show his understanding of the requirements of Title IV-D for States to establish and maintain effective child support enforcement programs.
2. The Auditor will be able to differentiate the three manners in which IV-D programs may be administered.

LEARNING PROCEDURE

1. Introduction to the Unit.
2. Presentation of materials.
3. The Instructor will discuss the State IV-D program requirements including:
   a. *establishment or designation of a single, separate unit to administer the IV-D program;*
   b. *establishing paternity;*
   c. *locating absent parents through use of parent locator service;*
   d. *establishment of support obligations;*
   e. *collection and distribution of child support payments;*
   f. *cooperation with other States; and,*
   g. *provision of services to non-AFDC persons.*
4. The Auditor will follow the Instructor's discussion by perusing Manual Topic "State IV-D Programs" beginning on Page 34.
5. The Auditor will refer to the following Tables
   "State IV-D Plans"
   "Single and Separate Units"
   "Three Manners of Administration"
   and ascertain the validity of the following information:
   a. *The State IV-D Plans, which establish the intended child support enforcement program of the State, of all 54 State-type jurisdictions have been approved by the Office of Child Support Enforcement.*
   b. *All but four of the States have designated IV-D units located within the same State agency which administers the IV-A program (AFDC).*
   c. *Forty-four States have IV-D programs administered by the State itself, eight States permit operation of the program by local political subdivisions under State supervision, and two States have programs administered locally in some political subdivisions and by the State in others.*
6. The Auditor will participate in a group discussion on the following question:
   "What are the principal differences among the IV-D programs which are State-administered, locally administered under State supervision, and administered locally in some jurisdictions but State administered in others?"
7. The Instructor will review the Unit, provide opportunity for questions, and summarize the content.

EVALUATION PROCESS

1. Review, questions, clarifications, summary.

MATERIALS	Location:	
1. Topic 7 - "State IV-D Programs"	UNIT V	Page 34
2. Table 4 - "State IV-D Plans"	UNIT V	Page 35
3. Table 5 - "Single and Separate Units"	UNIT V	Page 35
4. Table 6 - "Three Manners of Administration"	UNIT V	Page 35

Topic 7
STATE IV-D PROGRAMS

Each State is required to establish or designate a single and separate organizational unit to administer the IV-D program within the State. This unit is referred to as the IV-D agency. The IV-D agency may be established as a new State agency or may be located within an existing department such as the State welfare agency.

Each State must have an organizational unit which has the overall responsibility, authority, and accountability for operating an effective IV-D program. The responsibility may be enforced by the State (1) administering the program, (2) supervising the program while local political subdivisions administer the program, or (3) a combination of both.

The IV-D agency is responsible for establishing paternity and securing support on behalf of AFDC children for whom there is an assignment of support rights in effect. This function may be performed directly by the IV-D agency or indirectly through cooperative agreements with law enforcement officials such as district attorneys, friends of the court, and attorneys general.

Child support payment made on behalf of AFDC children must be paid to the State for distribution rather than directly to the family. If the child support collection is insufficient to make the family ineligible for public assistance, the family receives its full welfare grant and the child support is distributed as required by section 457 of the Act.

Under Section 457, the child support collection is retained by the State primarily to reimburse assistance payments that have been made to the family. Collections which exceed reimbursement amounts are distributed to the family up to the amount of court-ordered payments to the family. Any additional amount collected may be retained by the State as reimbursement for past assistance payments previously unreimbursed. If there are no unreimbursed assistance payments, the amount is paid to the family.

The IV-D agency is required to establish a parent locator service for the purpose of locating absent parents. The parent locator service must utilize appropriate sources of information at the State and local level, and must also utilize the Federal Parent Locator Service.

Each State must cooperate with other States in order to locate absent parents, establish paternity, and secure support. The primary interstate child support enforcement mechanism currently is the Uniform Reciprocal Enforcement of Support Act which establishes procedures in each State for initiating or responding to interstate support actions.

Finally, each State is required to make its child support services available to individuals who are not recipients of AFDC if such individuals apply for child support services. The State may elect to charge an application fee, and may also elect to recover costs that are in excess of the application fee from the amount of child support that is collected. The application fee may either be a flat fee not exceeding $20, or the State may use a sliding fee based on the applicant's income.

Table 4
STATE IV—D PLANS

The IV-D plans of fifty States were approved with effective dates of August 1, 1975. The IV-D plans of the three States listed below were approved with effective dates later than August 1, 1975, as shown:

	Date Received	Effective Date
Nevada	March 22, 1976	January 1, 1976
Guam	January 7, 1976	January 1, 1976
Puerto Rico	September 30, 1975	October 1, 1975

The District of Columbia and the States of Indiana, Mississippi, Missouri, and Nevada requested and received waivers, under Section 201 of P.L. 94-88, of Section 402 (a) (26) or 402(a) (27) of the Act. However, Indiana obtained enabling legislation and submitted a full, approvable IV-D plan on March 23, 1976.

Alaska and West Virginia submitted requests for a waiver but it was determined that a waiver was unnecessary for either State. The Virgin Islands submitted a request but later withdrew it.

Table 5
SINGLE AND SEPARATE UNIT

In all States, except the four listed below, the single and separate organizational unit designated to administer the child support enforcement plan/program (i.e., the IV-D agency) is located in the State agency that administers the AFDC program under Title IV-A of the Social Security Act (i.e., The IV-A agency). In the following States, the IV-D agency is located in the State agency shown, which is other than the State IV-A agency:

Michigan	Department of Social Services
Montana	Department of Revenue
South Dakota	Office of Administrative Services, Department of Social Services
Wisconsin	Division of Family Services, Department of Health & Social Services

Requirement for IV-D unit waived for Nevada which uses the IV-A agency to conduct the IV-D program.

Table 6
THREE MANNERS OF ADMINISTRATION

In forty-four States, the IV-D program is State-administered (i.e., by the State IV-D agency); in eight States, the IV-D program is administered by the political subdivisions of the State under the supervision of the State IV-D agency; and in two States, the IV-D agency administers the IV-D program in certain political subdivisions and supervises the administration of the program by other political subdivisions of the State.

The IV-D program is supervised by the State IV-D agency and is administered by political subdivisions in the following eight States:

Alabama	Minnesota	New York
California	Nebraska	Ohio
Colorado	New Jersey	

The IV-D program is administered by the State IV-D agency in certain jurisdictions and is State-supervised and locally-administered in others in the two States shown below:

North Carolina Oregon

UNIT VII

UNIT VII

Special Instructions for the First Annual Audit

SYNOPSIS

This Unit provides the Auditor with special instructions for preparation for the first annual audit of the 50 States, the District of Columbia, Guam, Puerto Rico and the Virgin Islands. Included are instructions on scheduling, general guidelines on performance of the audits, discussion of workpaper preparation and staff supervision, instruction for the entrance and exit conferences, and the disposition of audits.

OBJECTIVES

1. The Auditor will be able to determine the starting date for the audit of any State by checking the schedule of State audits.

2. The Auditor will be prepared to participate in an "Entrance Conference" with the State IV-D Agency to be audited by listing the participants and the items of discussion.

3. The Auditor will be able to show understanding of the notification procedure in scheduling work at local organizations.

4. The Auditor will be prepared to perform the audit work by showing that he has read the instructions on "Performance of Audit."

5. The Auditor will be prepared to participate in an "Exit Conference" with the State IV-D Agency by completing the audit work and by listing the participants in the conference and the subjects of discussion.

6. The Auditor will demonstrate his knowledge of audit disposition by drafting a sample letter finalizing audit findings on a State IV-D Agency and itemizing the steps which follow that.

7. The Auditor will be able to interact effectively with the Regional Office by following, where appropriate, the guidelines presented in this Unit.

LEARNING PROCEDURE

1. Introduction to the Unit.
2. Presentation of Materials.
3. The Instructor will provide an overview of the the Special Instructions including the following aspects:
   a. Pre-audit scheduling;
   b. The entrance conference;
   c. Scheduling work at agencies;
   d. Performance of audit;
   e. Exit conference; and,
   f. Disposition of the audit.
4. The Auditor will follow the Instructor's overview by perusing the Manual Topic "Special Instructions," beginning on Page 38.
5. The Auditor will check the schedule of audits (if available at the time) to determine the starting date for the audit of a State.
6. The Auditor will list and compare the paticipants and items of discussion for the Entrance Conference and Exit Conference. (Exercise 3, Page 41.)
7. The Auditor, using information supplied from his reading and from verbal instruction, will draft a practice letter to a State IV-D Agency finalizing audit findings, and will itemize the steps which follow. (Exercise 4, Page 42.)
8. The Auditor will participate in a group discussion of the following questions:

   "What is the role of the Branch Chief in the preparation, performance and disposition of the field audits?"

9. The Instructor will review the Unit, provide opportunity for questions, and summarize the Unit content.

EVALUATION PROCESS

1. Check of exercise listing and comparing Entrance and Exit Conference participants and items of discussion.
2. Review of items which should be included in the letter and steps which should follow it.
3. Review, questions, clarification, summary.

MATERIALS Location:

1. Topic 8 - "Special Instructions"	UNIT VII	Page 38
2. Schedule of State Audits		
3. Exercise 3.	UNIT VII	Page 41
4. Execise 4.	UNIT VII	Page 42

Topic 8
SPECIAL INSTRUCTIONS

The annual audit of 54 States and jurisdictions commence as soon after October 1, 1977, as is administratively feasible. Following are the instructions to the field auditors that are to be used in the conduct of the audit.

PRE-AUDIT SCHEDULING

Audit Division Branch Chiefs will prepare a schedule of states to be audited within their respective jurisdictions. This schedule will indicate the starting dates for audits of each State. The schedule will be based on the audit experience of the Branch Chief and input from Regional Representatives.

The schedule, although not totally inflexible, will be the basis for notifying the States, preparing for the entrance conference, etc.

ENTRANCE CONFERENCE

Based on the schedule of audits and any changes to the schedule that might be necessary, the Branch Chief will contact the OCSE Regional Representative and the State to be audited when the supervisory auditor is ready to begin the audit. At that time, the Branch Chief will arrange an entrance conference not less than 15 days, nor more than 30 days from the start of the audit in the State.

Participants. The following personnel should be in attendance at the conference:

1. the OCSE Regional Representative or his representative (optional with the Region);
2. the Area Audit Office Supervisor;
3. the Audit Branch Chief (at his option);
4. the head of the State IV-D agency;
5. such other staff of the State or State IV-D agency as the head of the State IV-D agency shall designate; and
6. such other relevant personnel as any of the above members shall request.

Items for Discussion. The Area Audit Office Supervisor will conduct an opening conference to discuss with the IV-D agency officials the following items:

1. Names and status of all personnel to be used by the Audit Office in the audit of a State IV-D program. This does not preclude the Audit Office from adding to or deleting personnel at its discretion. However, the IV-D agency must be notified of any change prior to its effectiveness.
2. The State agencies to be included in the audit. These will include the IV-D agency, the agency or unit which has accounting responsibility for IV-D activities, the agency or unit which has data processing responsibility for IV-D activities, etc., whether or not the agency or unit is under a purchase of service agreement.
3. Political subdivisions to be audited. These will be the subdivisions determined by the auditor using the formula specified in Unit IX;
4. Procedures to be used in conducting the audit. These will normally be those procedures in the GAO "Standards For Audit of Governmental Organizations, Programs, Activities, and Functions" and the audit guidelines outlined in Unit VIII of this audit program.
5. The general kinds of information to be obtained in the conduct of the audit.
6. Such other items which any of the personnel at the meeting believe to be germane to the discussion.

Upon agreement between the Audit Supervisor and the State IV-D agency head or the other State agencies or units and political subdivisions of the State to be audited, the Audit Supervisor will ask the IV-D agency head to notify the organizations of any impending visit. However, should the IV-D agency either fail or refuse to contact the other organizations, the Branch Chief (or upon permission from the Branch, the Audit Supervisor) will contact the other organizations directly.

PERFORMANCE OF AUDIT

The auditors will do all steps of the audit program listed in Unit VIII. If a senior auditor has any questions on a policy matter, as it relates to the audit program, he will contact the Branch Chief to obtain clarification. When the senior auditor feels that an *audit step* to be performed is not capable of being done *for any reason,* he will consult the Branch Chief and get concurrence before deleting the audit step. Likewise, no audit steps will be added to the audit program without concurrence from the Audit Division Director.

Preparation of Workpapers & Staff Supervision. The workpapers will be prepared in the manner and format prescribed in the audit manual. All interviews or discussion will be written into workpaper form. *The workpapers should contain documentary evidence of the audit finding, particularly those*

findings that may result in the imposition of the penalty. Copies of written procedures, State statutes, etc. should be included with the workpapers only as reference to audit findings. All workpapers will include the date the step was performed, the name of the person preparing the workpaper, the purpose of the workpaper, the agency being reviewed, and an index number. The index number, whenever possible, should reference the number of the audit regulation related to the audit step. All work done by junior staff will be supervised and reviewed by senior audit staff and, each page of the supporting workpapers will be signed and dated by the senior auditor to that effect.

Summary Report. After the audit work has been completed, the auditor will prepare a summary report indexed to the supporting workpapers on all work performed in the State. This summary report, which will serve as the basis for the audit exit conference, will be prepared in the format outlined at the end of Unit VIII. The summary will list:

a) findings in regard to the State efforts to operate an effective program;

b) conclusions on the effectiveness of the IV-D program; and

c) recommendations, if any, on how the State could improve the IV-D program.

The Branch Chief will be notified and offered an opportunity to review the findings and supporting workpapers prior to completion of the report.

EXIT CONFERENCE

Prior to concluding the audit field work, the State IV-D Agency will be afforded an audit exit conference at which time preliminary audit findings will be discussed and the IV-D agency may present any additional matters it believes should be considered in the audit findings.

The following personnel should be at the audit exit conference:

1. the OCSE Regional Representative or his representative (optional with the Regional Office);
2. the Supervisory Auditor;
3. the Branch Chief, when necessary;
4. the head of the State IV-D agency;
5. such other staff of the State or State IV-D agency as the head of the State IV-D agency shall designate; and
6. such other relevant personnel as any of the above members shall request.

DISPOSITION OF THE AUDIT

The Supervisory Auditor will draft a letter to the State IV-D agency finalizing the audit findings. Upon approval from the Branch Chief, the Supervisory Auditor will finalize the letter and send it by registered mail to the State agency with a copy going to the Regional Representative. This will formalize and confirm the audit findings discussed at the audit exit conference. The audit report should request that the State respond to the Branch Chief in Washington within 45 days from the date that the audit letter was received. At the same time, the Regional Representative should submit his/her comments on the audit findings to the Audit Branch Chief.

If the State does not respond to the correspondence within 45 days, the responsible State agency official should be contacted by telephone within 5 days. The Branch Chief should inquire if the State is contesting any of the audit findings or would like to make any additional comments.

When the State responds to the correspondence on the audit findings, the State's comments will be reviewed by the Branch Chief to determine the applicability of the comments to the audit findings. When the Branch Chief determines that the information submitted by the State conflicts with the audit findings, an auditor will be assigned, when necessary, to substantiate the facts in the State's response in order to resolve any differences.

The Branch Chief will prepare a draft letter to the Secertary, Department of Health Education and Welfare, recommending the imposition or non-imposition of the penalty. The draft letter will be submitted with the workpapers supporting the audit findings and the State's comments in regard to the audit findings to the Director, Audit Division, Office of Child Support Enforcement.

Disposition of Audit Workpapers. The workpapers, including the the summary report, shall be retained in Washington, D. C. for 3 years from the date the audit is completed.

When the Branch Chief recommends the imposition of the penalty on a State, all workpapers relating to the audit findings used in determining the penalty provisions shall be kept by the Director, Audit Division, Office of Child Support Enforcement.

Exercise 3

List and compare the participants in the Entrance and Exit Conferences with the State IV-D Agency and the items to be discussed at each.

Exercise 4

1. After studying "Special Instructions," draft a practice letter to the head of a State IV-D Agency finalizing the findings of the audit of his State's program. (The letter should include 1) a summation of the audit findings in regard to efforts to operate an effective program; 2) conclusions of the effectiveness of the IV-D program; and, 3) recommendations, if any, for improving the State IV-D program.)

2. Itemize the steps for disposition of the audit which follow the Auditor's draft of letter to the State IV-D agency.

UNIT VIII

UNIT VIII

Audit Criteria Objectives and Steps

SYNOPSIS

This Unit presents a recitation of the 19 Audit Criteria for measuring the effectiveness and compliance of State IV-D programs and of the objectives of each one. It contains the step-by-step instructions for conducting the audits, with each Criterion accompanied by a set of Audit Steps for measuring the achievement of the Objectives Where appropriate, a sample "format" for recording audit data is included as a guide to the Auditor.

The Audit Steps are designated by upper case letters, by numbers, and by lower case letters corresponding to the four audit stages, the sequence of performance roughly comparable to the numbered Audit Criteria, and the invidivual steps. For example, Audit Step B.2.d. refers to:

B -Stage B, Audit Steps to be Done at the State IV-D Agency;

2 -The set of Steps for Criteron 2, "State Financial Participation;"

d -The particular step to be taken — "Obtain a copy of the State agency's OA-41.17 and all supporting records used to prepare OA-41.17."

It should be noted that because Criterion 14, Cooperative Arrangements, is *not audited separately*, there are no specific Audit Steps which correspond to it. Accordingly, the numbering of the steps does not match the numbering of the Criteria after Criterion 14 in Stage B. In Stages C and D, the number is purely a sequential guide to performing the audit steps.

The Auditor should also note that when the Audit Step instruction says to "obtain" a particular document, it refers to borrowing the document, retrieving the pertinent information about it, and then returning it to its source. The instruction does not refer to retaining the document for the Auditor's records or to inclusion of the document in workpapers or reports, except where explicitly stated or when it is essential to documentation of audit findings.

At the conclusion of this Unit is a "Summary Report Format" which outlines the specific information to be included in the report on work completed in the audit. The Summary Report will provide the basis for the "exit conference" with the State IV-D Agency and subsequent final report of findings (See Unit VII, Special Instructions).

Finally, the Unit contains an "OCSE Auditor Checklist" which may be used to record validation of State achievement or nonachievement of the objectives of the individual Criterion for measuring effectiveness and compliance. The Auditor substantiates his finding for each Criterion by circling the codes which correspond to the Criterion Objectives.

OBJECTIVES

1. The Auditor will be able to identify the 19 Audit Critera for measuring the effectiveness and compliance of State IV-D Programs.
2. The Auditor will be able to identify the Objectives of each Criterion.
3. The Auditor will be able to identify the four Stages (A, B, C, D) of the audit.
4. The Auditor will be able to perform the six Audit Steps of Stage A, "Audit Steps to be Done at the OCSE Regional Office."
5. The Auditor will be able to perform all the Audit Steps designed for the Objectives of 16 Audit Critera to be measured in Stage B, "Audit Steps to be Done at the State IV-D Agency."
6. The Auditor will be able to perform all the Audit Steps designed for the Objectives of 2 Criteria to be measured in Stage C, "Audit Steps to be Done at the Local IV-A Agency."
7. The Auditor will be able to perform all the Audit Steps designed for the Objectives of 15 Audit Criteria (corresponding to those in Stage B) to be measured in Stage D, "Audit Steps to be Done at Participating Local Organizations."

8. The Auditor will be able to complete a "Summary Report" of findings upon completion of the audit work.

LEARNING PROCEDURE

1. Introduction to Unit.
2. Presentation of materials.
3. The Instructor will present an overview of Audit Criteria and Steps including the following aspects:
   a. *There are 19 Audit Criteria for measuring the effectiveness and compliance of State IV-D programs. The criteria are derived from the requirements of Title IV-D for State child support enforcement programs.*
   b. *Each Criterion has one or more Objectives (the Criteria and their Objectives are identified in Stage B which begins on Page 46).*
   c. *The Audit Steps have been designed as a means to measure whether the activites of the State meet the Objectives of each Criterion.*
   d. *All the Audit Steps are to be completed in four stages*
      Stage A - Audit Steps to be Done at OCSE Regional Office (Starts Page 45).
      Stage B - Audit Steps to be Done at the State IV-D Agency (Starts Page 46).
      Stage C - Audit Steps be to Done at the Local IV-A Agency (Starts Page 70).
      Stage D - Audit Steps to be Done at Participating Local Organizations (Starts Page 72).
   e. *Certain Audit Steps in Stage B and D (corresponding to the same Audit Criteria) are mutually exclusive, depending on whether the State has imposed mandatory written procedures for performing the specific function or the State has allowed the local political subdivision to establish its own written procedures.*
4. The Instructor will introduce the Auditor to the four-stage audit instructions and review the organization of the material.
5. The Auditor will practice use of the Manual in retrieval of information on the Audit Steps.
6. The Auditor will participate in a simulation of various audit situations and steps using materials and verbal information provided by the Instructor. (Exercise 5, Page 90).
7. The Auditor will refer to the "format" charts accompanying certain steps which are designed to serve as guides for the Auditor in collecting and recording data from the audit in those steps. In actual audit, the Auditor may prepare his own format so long as all the information required by the Manual format is included.
8. The Auditor will prepare a practice written Summary Report, utilizing the "Summary Report Format" on Page 88 and information provided by the Instructor. (Exercise 6)
9. The Instructor will explain the use of the "OCSE Auditor Checklist" for validating State compliance with requirements.
10. The Auditor may use the "OCSE Auditor Checklist" on Page 91 during the training program to indicate completion of training subjects.
11. The Instructor will review the subject areas as they are completed, provide opportunity for questions, and summarize the Unit at the conclusion.

EVALUATION PROCESS

1. Practice with information retrieval from Manual.
2. Simulation of audit situations and steps.
3. Preparation of a practice Summary Report.
4. Use of "OCSE Auditor Checklist."
5. Review, questions, clarification, summary.

MATERIALS		Location:
1. "Stage A, Audit Steps to be Done at the OCSE Regional Office."	UNIT VIII	Page 45
2. "Stage B, Audit Steps to be Done at the State IV-D Agency."	UNIT VIII	Page 46
3. "Stage C, Audit Steps to be Done at the Local IV-A Agency."	UNIT VIII	Page 70
4. "Stage D, Audit Steps to be Done at Participating Local Organizations."	UNIT VIII	Page 72
5. "Format" charts	UNIT VIII	Stages B, C, D
6. Summary Report Format	UNIT VIII	Page 88
7. "OCSE Auditor Checklist"	UNIT VIII	Page 91
8. Random Sample Tables Tables	UNIT IX	Page 99
9. List of States and the Number of Political Subdivisions to be Audited (Table 7)	UNIT VIII	Page 45
10. Exercise 5 - Simulations	UNIT VIII	Page 90
11. Exercise 6	UNIT VIII	Page 92

STAGE A AUDIT STEPS TO BE DONE AT THE OCSE REGIONAL OFFICE

1. Hold a discussion with the appropriate OCSE Regional Representative about any problems or unusual circumstance within the State to be audited.
2. Obtain a copy of the approved State IV-D plan. Review the State plan and obtain a complete understanding of the operation of the plan. Should any questions arise about the plan, discuss them with the Regional Representative.
3. During the past year, OCSE has made program and collection and distribution reviews for each State. Obtain copies of these for State to be audited and read them.
4. Review any correspondence files that the Regional Representative feels are germane to the audit. Be sure to document any problems.
5. Obtain from the Regional Representative a copy of NCSS Report A-8 (2-77) *Recipients of Public Assistance Money Payments and Amounts of Such Payments By Program, State, and County*, February 1977, which lists the political subdivisions and amounts of AFDC payments made in each subdivision.
6. Using the formula and the random sample table in Unit IX, determine which political subdivisions are to be audited. The number to be audited can be determined for each State by using the list on the following page. Prepare a workpaper showing how this was done.

Table 7
LISTING OF STATES WITH NUMBER OF POLITICAL SUBDIVISIONS IN THE STATE TO BE AUDITED

Alabama	3	Montana	2
Alaska	2	Nebraska	3
Arizona	3	Nevada	4
Arkansas	3	New Hampshire	2
California	8	New Jersey	6
Colorado	4	New Mexico	3
Connecticut	4	New York	8
Delaware	2	North Carolina	5
District of Columbia	0	North Dakota	2
Florida	5	Ohio	3
Georgia	5	Oklahoma	4
Guam	0	Oregon	4
Hawaii	2	Pennsylvania	7
Idaho	2	Puerto Rico	3
Illinois	7	Rhode Island	2
Indiana	4	South Carolina	3
Iowa	4	South Dakota	2
Kansas	4	Tennessee	4
Kentucky	4	Texas	5
Louisiana	4	Utah	3
Maine	3	Vermont	2
Maryland	5	Virgin Islands	2
Massachusetts	6	Virginia	5
Michigan	7	Washington	5
Minnesota	5	West Virginia	3
Mississippi	3	Wisconsin	5
Missouri	5	Wyoming	2

STAGE B AUDIT STEPS TO BE DONE AT THE STATE IV-D AGENCY

There are 16 sets of Audit Steps to be completed during this Stage of the Audit. These cover Audit Criteria 1 - 13 and 15 - 17.

Criterion 14, Cooperative Arrangements, is not to be audited separately. (See sequential place of Criterion 14 in this section for a further explanation.)

OBJECTIVES AND AUDIT STEPS FOR CRITERION 1

Statewide Operation

PRIMARY OBJECTIVE: Ensure that all eligible citizens of a State have access to all services of the IV-D program.

SECONDARY OBJECTIVES: Ensure that—

a) the State has a IV-D agency administering the plan uniformly throughout the State;

b) the IV-D agency is informing its staff of the policies, standards, procedures, and instructions formulated by the IV-D agency (or other organizations having direct participation in portions of the IV-D program); and,

c) the IV-D agency is making routine visits to local offices (or those organizations acting for the IV-D agency at the local level under cooperative agreements or purchase of service contracts) to assure that the local offices have received State-issued policies, standards, procedures, and instructions; (2) are utilizing these issuances in their operation of the portion of the IV-D program for which they are responsible.

B.1. AUDIT STEPS

a. Discuss with the State IV-D agency how it ensures that all eligible citizens of a State have access to all services of the IV-D program through direct State administration, direct local political subdivision administration, cooperative agreements, or purchase of service agreements.

b. Obtain from the State IV-D agency all the policies, standards, procedures and/or instructions issued to its staff or other organizations which have direct participation in portions of the IV-D program.

c. Identify those individuals of the IV-D staff assigned to conduct regular planned examinations and evaluations of operations in local offices.

d. Obtain (or prepare) a schedule of all visits made to local offices.

(1) Review any trip reports which may have been prepared on these visits. Did they take into account whether the local office has received all policies, standards, procedures, and instructions issued by the State and is utilizing these instructions in its operation of the portions of the IV-D program that it is reponsible for? Document.

(2) Obtain copies of trip reports (if any) to the local offices which are to be audited in Stage D, and include them in the workpapers.

(3) Review and schedule any travel vouchers to local offices during the period July - September 1977. The schedule should include (a) the date of the visit, (b) the place of the visit, and (c) the purpose of the visit.

e. Obtain a schedule of planned visits to local offices within the next three months of the audit date.

f. For each political subdivision to be audited, obtain from the IV-D agency the name of the responsible organization for each of the following activities in that political subdivision:

(1) receiving notice from the IV-A agency;

(2) establishing paternity;

(3) establishing support obligations;

(4) enforcing support obligations;

(5) collecting child support payments;

(6) distributing child support payments;

(7) making payments to the family;

(8) making incentive payments;

(9) supplying service to individuals not otherwise eligible;

(10) cooperating with other States;

(11) locating absent parents or putative father;

(12) preparing reports and maintaining records;

(13) establishing fiscal policies and accountability; and,

(14) safeguarding information.

g. Summarize the findings in this section in regards to whether the State IV-D agency is complying with 45 CFR 305.21.

OBJECTIVES AND AUDIT STEPS FOR CRITERION 2

State Financial Participation

PRIMARY OBJECTIVE: Ensure that the State's share of the cost of IV-D services has been 1) appropriated to the IV-D agency or, 2) transferred to the IV-D agency or, 3) certified by the contributing public agency as representing expenditures under the State's IV-D plan.

SECONDARY OBJECTIVES: Ensure that —

a) the State agency preparing the OA-41 is doing so properly;

b) the IV-D agency, local political subdivision, participants under a cooperative agreement, or participants under purchase of service contracts are preparing their expenditure reports in accordance with Federal regulations; and,

c) on a limited test basis, the costs being submitted for Federal Financial Participation complies with Federal regulations.

B.2. AUDIT STEPS

a. Prepare a schedule of all funds used by the State IV-D agency for the period January - September 1977. Include in this schedule all funds that were:

(1) appropriated to the IV-D agency;

(2) transferred to the IV-D agency; or

(3) certified by the contributing public agency as representing expenditures under the State's IV-D plan.

Copies of all support documents (i.e., legislative appropriations) should be included in the workpapers.

b. Obtain a copy of the OA-41 for the period July - September 1977.

(1) Review the supporting schedules, workpapers, etc. and determine that the OA-41 was prepared in accordance with HEW instructions.

(2) Determine that the amount shown on the OA-41 as the Federal share is not more than 75 percent of the State's expenditures for IV-D activities.

c. Obtain copies of all expenditure reports submitted by the political subdivisions to be audited for the period July - September 1977. Be sure these amounts were included in the OA-41 for that period.

d. Obtain a copy of the State agency's OA-41.17 and all supporting records used to prepare the OA-41.17; and

e. From the supporting records, determine the amount of the IV-D agency's expenditures relating to salaries and wages that are included in the computation for Federal funding of the child support program. These expenditures should include salaries and wages for the operation of the State IV-D agency, cooperative agreements, and purchased services (government and private). In cases where the State IV-D agency receives a lump sum charge for services, detail charges will be received at the local level. Where the State IV-D agency receives detail charges for child support services, perform the following audit steps to determine that expenditures chargeable to the child support program are in accord with applicable Federal regulations.

(1) Obtain a list of empioyees whose salaries and wages are chargeable to the child support program. This list should include full time and part time employees from all departments performing child support services;

(2) From the list, select 10 employees by using the random sample table in Unit IX, and the instructions; and

(3) Obtain and document the following information from the employee concerning their functions in the child support program:

(a) Discuss with the employee their specific duties in the child support program;

(b) For those employees that expend only a portion of their time performing duties of child support, determine how their time is allocated to IV-D functions and other duties;

(c) Obtain the job descriptions of the employees selected for review. Compare these job descriptions with the information obtained through discussion with the employees; and

(d) Compare the pay received by the employee with the salary or wage charged to the IV-D agency for the service that employee performed during the period.

f. Summarize the findings in this section in regards to whether the State IV-D agency is complying with 305.22.

OBJECTIVES AND AUDIT STEPS FOR CRITERION 3

Single and Separate Organizational Unit

PRIMARY OBJECTIVE: Ensure that one unit within the State has the overall responsibility, authority, and accountability for operating a IV-D program in accordance with Federal laws and regulations.

SECONDARY OBJECTIVES: Ensure that —

a) The IV-D unit has responsibility for securing compliance with the requirements of the State plan from any other State or local agency or official to whom portions of the program have been delegated, or any official with whom a cooperative agreement or purchase of service agreement is in force.

b) The IV-D unit has organizational structure and sufficient staff (or, for those functions which may be delegated, has made the necessary arrangements) for the following required State level functions:

1) establishment and administration of the State plan;

2) formal evaluation of the quality, efficiency, effectiveness, and scope of services provided under the plan;

3) coordination of activities pursuant to, and assurance of compliance with, the requirements of the State's Reciprocal Enforcement of Support Act for cases pursuant to a State plan;

4) preparation and submission of requests to OCSE for use of the Federal Parent Locator Service, and U. S. District Courts, and IRS collection procedures;

5) preparation and submission of reports required by OCSE;

6) financial control of the operation of the plan; and,

7) operation of the State parent locator service.

c) The IV-D unit has organizational structure and sufficient staff for the administration or supervision of the following child support enforcement functions: 1) intake; 2) establishing the legal obligation to support; 3) locate; 4) financial assessment; 5) establishment of the amount of support; 6) collection; 7) enforcement; and 8) investigation.

B.3. AUDIT STEPS

a. Obtain a copy of the State legislation, administrative delegation, or other authority that created the IV-D program in the State. Does it specify one unit within the State which has overall responsibility, authority, and accountability for operating the IV-D program?

b. Obtain a copy of any delegations of authority to the IV-D agency.

c. Obtain (or prepare) an organizational chart for the entity that the IV-D agency is part of.

(1) Does the organizational chart show the IV-D agency as a separate unit?

(2) Does the organizational chart show direct lines of communication with other organizational units which have responsibility for administering portions of the IV-D program?

d. Obtain (or prepare) an organizational chart for the State IV-D agency and/or any delegations of functions to other agencies or jurisdictions which at least locates the following activities:

(1) establishment and administration of the State plan;

(2) formal evaluation of the quality, efficiency, effectiveness, and scope of services provided under the plan;

(3) coordination of activities pursuant to and assurance of compliance with, the requirements of the State's Reciprocal Enforcement of Support Act for cases pursuant to a State plan;

(4) preparation and submission of requests to OCSE for use of the Federal Parent Locator Service, the U. S. District Courts, and the IRS collection procedures;

(5) preparation and submission of reports required by OCSE;

(6) financial control of the operation of the plan; and

(7) operation of the State parent locator service.

e. For each of the activities in d., list the names and titles for each person responsible for a given activity. Discuss with the responsible person how he or she carries out the responsibility.

f. Determine how the IV-D agency carries out its administrative or supervisory responsibilities for each of the following child support activities:

(1) intake;

(2) establishing the legal obligation to support;

(3) locate;

(4) financial assessment;

(5) establishment of the amount of support;

(6) collection;

(7) enforcement; and

(8) investigation.

g. Summarize the findings of this section in regards to whether the State IV-D agency is complying with 305.23.

OBJECTIVES AND AUDIT STEPS FOR CRITERION 4

Establishing Paternity

PRIMARY OBJECTIVE: Ensure that the responsible unit within the State has written procedures on establishing paternity and the procedures are mandatory on the political subdivision within the State, or that the unit has issued general instructions pursuant to which the local office actually performing the function has developed such procedures. In either case, the established procedures must be used in the establishment of paternity.

SECONDARY OBJECTIVES: Ensure that —

a) the State has listed all the laboratories within the State which perform legally and medically acceptable tests to confirm or refute alleged paternity and has distributed this information;

b) the State has identified all State statutes and regulations which provide procedures to be used in determining the paternity of child born out of wedlock;

c) the State has available attorneys or prosecutors to represent the State in court or administrative procedures; and

d) the State has staff performing paternity establishment functions.

B.4. AUDIT STEPS

a. Obtain copies of all State statutes and regulations that provide procedures to be used in determining the paternity of a child born out of wedlock.

b. Obtain copies of the IV-D agency's written procedures or instructions to political subdivisions on establishing paternity. For States which have elected to only issue general instructions to political subdivision, eliminate steps c and d below. For States using a combination of State and locally administered programs, the audit steps should be followed for the part of the program that is State administered.

c. Review the written procedures on establishing paternity to determine that the procedures:

(1) require obtaining the identity of the putative father from the applicant or recipient;

(2) require establishing paternity by court order or other legal process established by State law; and by acknowledgement if under State law such acknowledgement has the same legal effect as court ordered paternity including the rights to benefits other than child support;

(3) comply with all other provisions of the State statutes and regulations;

(4) would, if utilized, be effective in establishing paternity; and

(5) are mandatory on IV-D employees, political subdivisions of the State, and other organizations performing establishment of paternity activities under cooperative agreement or purchase of service agreements.

d. When the central State IV-D agency is establishing paternity, determine that the written procedures (see "b") are being utilized by the following steps:

(1) Determine the number of cases (both new and continuing) where paternity was needed to be established during the period July - September 1977;

(2) Obtain a list of all cases in which paternity was attempted to be established for the period July - September 1977. (If during this period the number of cases was too small, use the January - September 1977 period.);

(3) Using the random sample table in Unit IX, select 10 cases from the list obtained in step (2) above; and

(4) Schedule these cases and obtain the information required in the format which follows.

e. Obtain from the State a list of all laboratories within the State which perform legally and medically acceptable tests, including blood tests, which tend to confirm or refute alleged paternity.

(1) How was this list prepared?

(2) Was this list sent to all IV-D agency officials and others involved with establishing paternity as part of the IV-D program? What was the date the list was sent?

(3) Is this list available to appropriate court and law enforcement officials and the public upon request?

f. Determine that the State has available (through employee status, cooperative agreements, purchase of service agreements, provision of State law, contracts, etc.) attorneys or prosecutors to represent it in any court or administrative proceedings when necessary to establish paternity.

g. Summarize the findings in this section in regards to whether the State IV-D agency is complying with 305.24.

Date of Application	Case Number	Name of Applicant	Name of Absent Parent or Putative Father	Date of Establishment of Paternity	If No Establishment of Paternity, Reason For Non-Establishment	Were Written Procedures Used In Attempting To Establish Paternity?

OBJECTIVES AND AUDIT STEPS FOR CRITERION 5

Establishing Support Obligations

PRIMARY OBJECTIVE: Ensure that the responsible unit within the State has written procedures on the establishment of child support obligations for any child with respect to whom there is an assignment or with respect to whom there is an application for child support services and that the procedures are mandatory on the political subdivisions within the State, or, that the unit has issued general instructions pursuant to which the local office actually performing the function has issued such procedures. In either case, the established procedures must be used in the establishment of support obligations.

SECONDARY OBJECTIVES: Ensure that —

a) the State is utilizing its approved formula for determining the amount of child support whenever the obligation is established by means other than court order;

b) the State has available attorneys or prosecutors to represent the State in court or administrative procedures; and

c) the State has staff performing support obligations establishment functions.

B.5. AUDIT STEPS

a. Obtain copies of all State statutes and regulations that provide procedures to be used in establishing child support obligations.

b. Obtain copies of the State IV-D agency's written procedures or instructions to political subdivision on establishing child support obligations. For States which have elected to only issue general instructions to political subdivisions, eliminate steps c and d below. Where a State is using a combination of State and locally administered programs, the audit steps should be followed for the part of the program that is State administered.

c. Review the written procedures on establishing child support obligations to determine that the procedures:

(1) require establishing support obligations for any child where there is an assignment of support rights in effect or where there is an application for child support services for non-AFDC cases.

(2) require establishing support obligations for any child who has not previously had a child support obligation established by court order or by other legal process established under State law;

(3) involve the use of a State's formula for the establishment of child support whenever the obligation is established by means other than a court order;

(4) comply with all provisions of the State statutes and regulations;

(5) would, if utilized, be effective in establishing child support obligations; and

(6) are mandatory on IV-D agency employees, political subdivisions of the State, and other organizations performing establishment of child support obligations activities under cooperative agreements or purchase of service agreements.

d. Where the central State IV-D agency is establishing child support obligations, determine that the written procedures are being utilized by applying the following audit steps:

(1) Determine the number of cases (both new and continuing) where child support obligations were needed to be established during the period July - September 1977;

(2) Obtain a list of all cases in which child support obligations were attempted to be established for the period July - September 1977. (If during the period the number of cases was too small, use the January - September 1977 period.);

(3) Using the random sample table in Unit IX, select 10 cases from the list obtained in step (2) above;

(4) Schedule these cases and using format below, obtain the following information from the case file.

e. Determine that the State has available (through employee status, cooperative agreements, purchase of service agreements, contracts, provisions of State law, etc.) attorneys or prosecutors to represent the State in any court or administrative proceedings when necessary to establish the support obligation.

f. Summarize the findings in this section in regard to whether the State IV-D agency is complying with 305.25.

Case Number	Applicant's Name	Is There An Assignment Of Support Rights or Application For Child Support Non-AFDC Cases	Was Child Support Obligation Previously Established By Court Order or Other?	Was the State's Formula Used in Establishing Child Support Obligation?	Were Written Procedures Used in Establishing Child Support Obligations, If Not, Why?

OBJECTIVES AND AUDIT STEPS FOR CRITERION 6

Enforcement of Support Obligations

PRIMARY OBJECTIVE: Ensure that the responsible unit within the State has written procedures on enforcing support obligations and the procedures are mandatory on the political subdivisions within the State, or that the unit has issued general instructions pursuant to which the office actually performing the function has developed such procedures. In either case, the established procedures must be used in the enforcement of support obligations.

SECONDARY OBJECTIVE: Ensure that —

a) the State is identifying delinquent support obligations, contacting the delinquent obligors for the purpose of collecting the support obligations, and attempting to collect support obligations through at least those of the following procedures which are appropriate to a particular case:

1) contempt proceeding to enforce as existent court order;

2) garnishment or similar proceedings if the State's statutes and constitution permit such a procedure;

3) proceeding to attach real or personal property if the State's statutes and constitution permit such a procedure;

4) any other collection or enforcement procedure described in the State plan;

5) applications to utilize the courts of the United States; and

6) applications for collection of the delinquent child support obligations by the Secretary of the Treasury.

b) the State has established procedures for using reciprocal support enforcement arrangements.

c) the State has available attorneys or prosecutors to represent the State in court or administrative proceedings to enforce delinquent support obligations; and,

d) the State has staff performing support obligations enforcement functions.

B.6. AUDIT STEPS

a. Obtain copies of all State statutes and regulations that provide procedures to be used in enforcing child support obligations.

b. Obtain copies of the State IV-D agency's written procedures or instructions to political subdivisions on the enforcement of child support obligations. For States which have elected to only issue instructions on the enforcement of support obligations to political subdivisions, eliminate steps c and d below. For State using a combination of State and locally administered programs, all audit steps should be followed for the portion of the program that is State administered.

c. Review the written procedures on enforcement of support obligations and determine that the procedures:

(1) include methods for identifying as delinquent those cases in which there is a failure to comply with the support obligation;

(2) include instructions for contacting delinquent obligors for the purpose of collecting the support obligation;

(3) identify and establish the appropriate methods including those listed in 45 CFR 303.6, to enforce child support obligations under the State's statutes or regulations;

(4) include instructions for using reciprocal support enforcement arrangements that have been adopted with other States:

(5) would, if utilized, be effective in enforcing child support obligations; and

(6) are mandatory on IV-D employees, political subdivision of the State, and other organizations performing enforcement of child support obligations activities under cooperative agreements or purchase of service agreements.

d. Where the central State IV-D agency is enforcing child support obligations, determine that the written procedures are being utilized by applying the following audit steps:

(1) Determine the number of active cases where child support should have been collected for the month of September. What was the number of cases where collections were actually received?

(2) Obtain a list of all cases in which child support obligations were attempted to be enforced for the period July - September 1977. (If during the period the number of cases was too small, use the January - September 1977 period);

(3) Using the random sample table in Unit IX, select 10 cases from the list obtained in step (2) above; and

(4) Schedule these cases and, using the format on the following page, obtain the necessary information from the case file.

e. Determine that the State has available (through employee status, cooperative agreements, purchase of service agreements, contracts, provision of State law, etc) attorneys or prosecutors to represent the State in any court or administrative proceedings when necessary to enforce delinquent support obligations.

f. Summarize the findings in this section in regards to whether the State IV-D agency is complying with 305.26.

Case Number	Name of Delinquent Parent	Date Obligor Became Delinquent	Amount in Arrears	Was Obligor Contacted About Delinquency? How?	Describe Methods Used to Enforce Obligations	Were Written Procedures Used in Enforcing Support Obligations?

OBJECTIVES AND AUDIT STEPS FOR CRITERION 7

Child Support Payments to the IV-D Agency

PRIMARY OBJECTIVE: Ensure that the responsible unit within the State has written procedures on collecting child support payments for any child with respect to whom there is an assignment or to whom there is an application for child support services and that the procedures are mandatory on the political subdivisions within the State, or that the unit has issued general instructions pursuant to which the office actually performing the function has developed such procedures. In either case, the established procedure must be used in the collection of support payments.

SECONDARY OBJECTIVES: Ensure that —

a) the State has identified payments that are not being received by the IV-D agency and that the State is taking corrective action;

b) the IV-A agency is being informed of the amount of collections for eligibility determination purposes, whenever there is a change in payments which may make the recipient ineligible; and

c) the State has staff performing collection activities.

B.7. AUDIT STEPS

a. Obtain copies of the State IV-D agency's written procedures or instructions to political subdivisions on the collection of child support payments. For States which have elected to only issue general instructions on the collection of child support payments, eliminate steps b, c, and d below. For States using a combination of State and locally administered programs, all audit steps should be followed for that portion of the program that is State administered.

b. Review the written procedures on the collection of child support payments and determine that the procedures:

(1) require collecting child support payments by the IV-D agency for cases in which there are assignments of support rights by AFDC applicants or recipients;

(2) require collecting child support payments by the IV-D agency for cases in which there is applications for child support services by non-AFDC applicants unless receipt of such payments is not necessary;

(3) include methods for identifying child support payments that are not received by the IV-D agency and means for taking effective action;

(4) include instructions for informing the State's IV-A agency of the amount of collections for eligibility determination purposes whenever there is a change in payment which may make the recipient ineligible;

(5) would, if utilized, be effective in the collection of child support payments; and,

(6) are mandatory on IV-D agency employees, political subdivisions of the State, and other organizations performing collection of child support payments under cooperative agreements or purchase of service agreements.

c. Where the central State IV-D agency is collecting child support payments, determine that the written procedures are being utilized by applying the following audit steps:

(1) Obtain a list of all cases where a child support obligation has been established for the period July - September 1977. (If during the period the number of cases were too small, use the January - September 1977 period.);

(2) Using the random sample table in Unit IX, select 20 cases from the list obtained in step (1) above;

(3) Schedule these cases and, using the format below, obtain the necessary information from the case file (or active collection records).

Date of Establishment Of Support Obligation	Amount of Support Obligation	Case Number	Name of Applicant or Recipient	Name of Obligor	Date First Collection Made	Date Last Collection Made	Amount of Arrearages at Sept. 30, 1977	Were Written Procedures Used in Attempting to Collect Arrearages?

d. Determine that child support payments are going to the IV-D agency instead of the family by applying the following audit steps:
   (1) Obtain a register of all AFDC payments made during the month of August 1977;
   (2) Using the random sample tables in Unit IX, select 20 cases for review;
   (3) Schedule these cases and, using the format below obtain the necessary information from the appropriate file.

e. Summarize the findings in regards to whether the State IV-D agency is complying with 305.27.

Case Number	Name of Payee	Number of Recipients in the Grant Award	Amount the Grant Award Should be for Size Family	Amount of Payment to Payee	Reason For Any Difference

OBJECTIVES AND AUDIT STEPS FOR CRITERION 8

Distribution of Child Support Payments

PRIMARY OBJECTIVE: Ensure that the responsible unit within the State has written procedures on the distribution of child support payments which are in accordance with Federal requirements and that the procedures are mandatory on the political subdivisions within the State, or that the unit has issued general instructions pursuant to which the office actually performing the functions has developed such procedures. In either case, the established procedures must be used in the distribution of child support payments.

SECONDARY OBJECTIVES: Ensure that —

a) the State is making distribution in accordance with its written procedures; and,

b) the State has personnel distributing support payments.

B.8. AUDIT STEPS

a. Obtain copies of the State IV-D agency's written procedures or instructions to political subdivisions on the distribution of child support pay-

ments received for AFDC recipients. For States that have elected to only issue general instructions on the distribution of child support payments, eliminate steps b and c below. For States using a combination of State and locally administered programs, all audit steps should be followed for the portion of the program that is State administered.

b. Review the written procedures on the distribution of child support payments and determine that the procedures:

(1) require that the amounts collected be treated first as payment on the required support obligation for the month in which the support obligation was collected and any amounts in excess of the required monthly support obligation are treated as arrearages;

(2) require that distribution be made in the following order;

(a) For collections recieved before September 30, 1976, 40 percent of the first $50 shall be paid to the family.

(b) Any additional amounts (up to the amount of the assistance) be retained by the State. The IV-D agency must determine the Federal govenment's share of the amounts retained so the IV-A agency may reimburse the Federal government to the extent of its participation in the financing of the assistance payment. Any incentive payments may be deducted from the Federal share.

(c) Any amounts collected in excess of the amounts required for repayment of the assistance payment, but less than the court-ordered amount be paid to the family.

(d) Any amounts collected in excess of (a), (b), and (c) be retained by the State as reimbursement for past assistance.

(e) Any amounts collected in excess of arrearages be paid to the family.

(3) require that no amount be accepted as future child support payments until payments on the current month and all past months have been made;

(4) do not allow the IV-D agency to collect child support payments more than three months beyond the month following the month in which the family ceased receiving AFDC assistance without authorization from the individual. The agency may deduct a collection fee for making collections after the three month period and remit the remainder to the family;

(5) require that when a family ceases to receive AFDC assistance, the assignment terminates except that the agency must attempt to collect the unpaid support obligation that has accrued under the assignment. The procedures must require that such collection be distributed as follows;

(a) Used to reimburse any amounts of past assistance that have not previously been reimbursed. The IV-D agency must determine the Federal government's share of the amounts so retained, enabling the IV-A agency to reimburse the Federal government to the extent of its participation in the financing of the assistance payment.

(b) Any amounts which exceed the amount of reimbursed past assistance shall be paid to the family.

(c) Any collections received by the IV-D agency under audit step (4) of this section are treated as current support.

(6) would, if utilized, be effective in the distribution of child support payment collections; and,

(7) are mandatory on IV-D agency employees, political subdivisions of the State, and other organizations performing distribution of child support payments under cooperative agreement or purchase of service agreements.

c. Where the central State IV-D agency is distributing child support payments, determine that the written procedures are being utilized by applying the following audit steps:

(1) obtain a list of all cases where support obligations were collected during the month of July 1977;

(2) using the random sample table in Unit IX, select 20 cases from the list obtained in step (1) above;

(3) prepare a schedule in the format on the following foldout page.

d. Schedule the total amount of child support payments distributed by the State and/or political subdivisions within the State in the manner below, and compare the total distributions by quarter with the amount reported by the State on the OA-41. Ascertain the reason for any differences.

e. Summarize the findings of this section in regards to whether the State IV-D agency is complying with 305.28.

REPORTING POLITICAL SUBDIVISIONS	Distribution of Child Support Payments	
	4th Quarter	Total
TOTAL DISTRIBUTED BY STATE		

Date of First Payment Collection	Case Number	Name of Applicant or Recipient	Name of Obligor	Amount of Support Family Needs Determined By State	Amount of Support Obligation Per Month	Amount of Collection During the Month of July	Amount of Collection Applied to Current Obligation	Amount of Collection Paid to Family For Bonuses	Amount of Collection Determined As Federal Government Share	Amount of Collection Determined as Incentive	Amount of Collection Distributed to Family Because Exceeded Assistance Payment But Less than the Court Ordered Amount	Amount of Collection Retained By the State as Reimbursement For Past Assistance

Amount in Excess of Arrearages Paid to the Family	Amount of Collection Determined As Future Payments	Amount Collected for Non-AFDC Assistance in First Three Months	Amount Collected for Non-AFDC Over Three Months	Authorization From Individual (Yes or No)	Were Any of the Cases Terminated? (Yes or No)	Were Distribution of Collections in Accordance With the Written Procedures? (Yes or No) If No, Explain Why.

OBJECTIVES AND AUDIT STEPS FOR CRITERION 9

Payments to Family

OBJECTIVE: Ensure that all child support payments to the family are made to the resident parent, legal guardian, or caretaker relative having custody of or responsibility for the child or children.

B.9. AUDIT STEPS

a. Where the central State IV-D agency is distributing child support collections, prepare a schedule of payments made to the families under step B.8.c.(3) columns 7, 10, 12, 14, and 15.

b. Obtain the name and address of the payee to whom the distribution was made.

c. From the case file (or when necessary IV-A case file) determine the name of the resident parent, legal guardian, or caretaker relative having custody of or responsibility for the child or children.

d. Determine that the persons were the same, or for any differences the reason for the difference.

The schedule to be used should follow the format below.

e. Summarize the findings in regards to whether the State IV-D agency is complying with 305.29.

Case Number Of Family Payment Made To	Name of Payee	Name of the Resident Parent, Legal Guardian Or Caretaker Relative	Are Names The Same? (Yes or No) If No, Explain the Reason

OBJECTIVES AND AUDIT STEPS FOR CRITERION 10

Incentive Payments

PRIMARY OBJECTIVE: Ensure that the responsible unit within the State has developed procedures for distributing incentive payments in accordance with Federal regulations.

SECONDARY OBJECTIVES: Ensure that—

a) the State is making distribution of incentive payments in accordance with its written procedures; and,

b) the State has personnel distributing incentive payments.

B.10. AUDIT STEPS

a. Obtain a copy of the State IV-D agency's written procedures or instructions to political subdivisions for distributing incentive payments. For States which have elected to only issue general instructions for distributing incentive payments, eliminate steps b and c below. For States using a combination of State and locally administered programs, all audit steps should be followed for the portion of the program that is State administered.

b. Review the written procedures for distributing incentive payment to determine that the procedures:

(1) provide for making incentive payments to other States and, if appropriate, to political subdivisions within the State;

(2) include methods to account for child support collections received so the "amount retained by the State to reduce or repay assistance payments" can be properly determined;

(3) provide for determining which collections represent payments on the first 12 months of support obligations for applying incentive payments percentages;

(4) provide for determining that the collection was made by a State or political subdivision operating pursuant to an approved IV-D plan and was made on behalf of an individual with respect to whom there is an assignment;

(5) require that incentive payments be made as soon as administratively feasible;

(6) include a method of allocating the incentive payment among jurisdictions when more than one jurisdiction is involved in the enforcement and collection;

(7) would, if utilized, be effective in distributing incentive payments; and

(8) are mandatory on IV-D agency employees, political subdivisions of the State, and other organizations distributing incentive payments under cooperative agreements or purchase of service agreements.

c. Determine that the State is making distribution of incentive payments in accordance with written procedures by performing the following audit steps:

(1) Obtain a list of all cases where the State agency has distributed incentive payments during the period July—September 1977.

(2) Using the random sample table in Unit IX, select 10 cases from the list obtained above.

(3) Schedule these cases, and using the format below obtain the necessary information from the case file.

d. Determine that the State has available (through employee status, cooperative agreements, or purchase of service agreements) personnel making distribution of incentive payments.

e. Summarize the findings in this section in regards to whether the State IV-D agency is complying with 305.30.

Case Number	Name of Applicant	Location of Enforcement and Collection	Amount of Support Collected	Date Support Collected Received By State IV-D	Incentive Amount	Date Incentive Paid	Were Written Procedures Used If Not, Why?

OBJECTIVES AND AUDIT STEPS FOR CRITERION 11

Individuals Not Otherwise Eligible

PRIMARY OBJECTIVE: Ensure that the responsible unit within the State has written procedures on providing services to individuals not otherwise eligible and that the procedures are mandatory on the political subdivisions within the State, or that the unit has issued general instructions pursuant to which the office actually performing the functions has developed such procedures. In either case, the established procedures must be used in providing services to individuals not otherwise eligible.

SECONDARY OBJECTIVES: Ensure that—

a) that State and local political subdivisions are providing these services on a Statewide basis;

b) the State has established procedures for the collection of any fees and recovery of any costs authorized by the State's plan and is using these procedures; and,

c) the State has personnel providing these services to individuals not otherwise eligible.

B.11. AUDIT STEPS

a. Obtain copies of the State IV-D agency's written procedures or instructions to political subdivisions on accepting signed written applications on a Statewide basis for child support services from individuals not otherwise eligible. For States which have elected to only issue instructions on individuals not otherwise eligible, eliminate steps b, c, and d below. For States using a combination of State and locally administered program, all audit steps should be followed for that portion of the program that is State administered.

(1) require the State to furnish all appropriate child support services under the State plan, including locating absent parents, establishing paternity, and securing child support; and

(2) require the collection of any fees charged individuals who apply for services.

b. Review the written procedures on individuals not otherwise eligible and determine that the procedures:

c. To determine if the State agency is using its written procedures for providing child support services to individuals not otherwise eligible, perform the following steps:

(1) Using the random sample table in Unit IX, select 10 cases for review where applications were received from individuals not otherwise eligible for child support services; and

(2) Answer the questions in the format below.

Case Number	Name of Applicant	SERVICE APPLIED FOR (Check Appropriate Box)				Were Services Provided?	Were Written Procedures Used If Not Why?
		Location of Absent Parent	Establishing Paternity	Security Child Support	Other (Specify)		

d. Determine that the State is using its written procedures for collecting fees by preparing a schedule in the format which follows. Use the cases selected in "c" above.

e. Determine if the State has available (through employee status, purchase of service agreements, or other contract) personnel providing these services to individuals not otherwise eligible.

f. Summarize the findings in this section in regards to whether the State IV-D agency is complying with 305.31.

Case Number	Applicant's Name	Relationship of Applicant to Child	Fee Collected How Much?	Identify Locate Source	Was Absent Parent Located?	Were Written Procedures Used? If not, why?

OBJECTIVES AND AUDIT STEPS FOR CRITERION 12

Cooperation With Other States

PRIMARY OBJECTIVE: Ensure that the responsible unit within the State has written procedures on cooperating with other States for IV-D and the procedures are mandatory on the political subdivisions within the State, or that the unit has issued general instructions pursuant to which the office actually performing the function has developed such procedures. In either case, the established procedures must be used in cooperating with other States.

SECONDARY OBJECTIVES: Ensure that—

a) the State's and/or local political subdivision's written procedures on cooperating with other States for IV-D services include:

1) accepting requests for assistance from other States;

2) using the State's PLS;

3) establishing paternity;

4) establishing court orders for support; and

5) collecting support payments and forwarding them to the initiating State.

b) the States and local political subdivisions are utilizing these procedures; and,

c) the States and local political subdivisions are cooperating with other States in providing child support services.

B.12. AUDIT STEPS

a. Obtain a copy of written procedures used by the State IV-D agency or the instructions to political subdivisions for cooperating with other State IV-D agencies. For States electing to issue instructions to the local subdivision designated to act as the State's central IV-D agency, eliminate steps b and c below.

b. Review the written procedures to determine that the procedures require:

(1) accepting and processing requests for assistance from other States;

(2) using the State's PLS (both State and local locate sources) in an attempt to locate an absent parent upon request of another State;

(3) establishing paternity or assisting in establishing paternity when requested by another State;

(4) establishing court orders for support upon request by another State, including procedures for responding to a complaint under the Uniform Reciprocal Enforcement of Support Act (URESA);

(5) collecting support payments from an absent parent and forwarding such payments to the State where the obligation is owed;

(6) monitoring the status of cases upon which the State is taking action on behalf of another State; and

(7) complying with the requirements for providing sufficient information to other States.

c. Determine if the States and local political subdivisions are using the written procedures by performing the following steps:

(1) Determine the total number of cases/requests for child support services received from another State or local subdivision.

(2) Using the random sample table in Unit IX and instructions for its use, select 10 cases for review.

(3) From the information contained in the case file, prepare a schedule in the format below, (using the information presented).

d. Determine that the State has available (through their own employees, purchase of service agreements, cooperative agreements, or other arrangements) personnel performing the functions of cooperation with other States.

e. Summarize the findings as a result of performing the above steps in regards to whether the State is complying with 305.32.

Case Number	Requesting Agency	Date Request Received	Type of Request	Services Provided To Meet Request By the Other State	Date Information or Collection Remitted to the Requesting State	Were These Services Performed In Accord With Written Procedures?

OBJECTIVES AND AUDIT STEPS FOR CRITERION 13

State Parent Locator Service

PRIMARY OBJECTIVE: Ensure that the responsible unit within the State has written procedures on locating absent parents or putative fathers and that the procedures are mandatory on the political subdivisions within the State, or that the unit has issued general instructions pursuant to which the office actually performing the function has developed such procedures. In either case, the established procedures must be used in the locating of absent parents or putative fathers.

SECONDARY OBJECTIVES: Ensure that —

a) the State has established and is using a central State parent locator service for at least communicating with the Federal Parent Locator Service;

b) the State parent locator service is available to both AFDC recipients and individuals not otherwise eligible;

c) the State and political subdivisions are using the names and other identifying information of absent parents, the State and local locate data sources, and the Federal PLS to determine that the whereabouts of the absent parent can or cannot be ascertained;

d) the State has protective measures to safeguard information transmitted and received through use of the Federal PLS; and,

e) the State has staff performing parent locator functions.

B.13. AUDIT STEPS

a. Determine that the State has established and is utilizing a central parent locator service which is used in obtaining information from the Federal Parent Locator Service. The IV-D agency must:

(1) have established methods for accepting applications for use of the Federal PLS from -

- any State or local agency or official seeking to collect child support obligations pursuant to the State plan;
- a court which has authority to issue an order against an absent parent for the support and maintenance of a child, or any agency of such court; or
- the resident parent, legal guardian, attorney, or agency of a child who is not receiving aid under title IV-A of the Act; and

(2) require any request to the Federal PLS be submitted only by the central State office in accordance with the manner and form prescribed by the Secretary.

b. Determine if the State is utilizing its procedures for obtaining information from the Federal PLS, performing the following steps:

(1) For the period July - September 1977, determine the total number of requests to use the Federal PLS.

(2) Using the random sample table in Unit IX, select 10 cases for review.

(3) Prepare a schedule containing the information requested below from the data in the case file.

Case Number	Application Accepted From (Specify)	Agency Submitting Request to FPLS	Was Request Prepared in Prescribed Manner?	Were Written Procedures Used In Obtaining Information From FPLS? If Not, Explain.

c. Obtain copies of the IV-D agency's written procedures or instructions to political subdivisions on establishing parent locator services. For States which have elected to only issue general instructions to political subdivisions, eliminate steps d and e below. For States using a combination of State and locally administered programs, all audit steps should be followed.

d. Review the written procedures on parent locator services to determine that the procedures:

(1) provide for accepting applications to use the State parent locator service from those persons in step a.(1); and

(2) include collecting any fees required by the State plan.

e. When the central State IV-D agency is providing parent locator services, determine that the State:

(1) identifies the major locate data sources within the State, such as officials and employees administering public assistance, general assistance, medical assistance, food stamps, and social services (whether such individuals are employed by the State or a political subdivision);

(2) identifies the appropriate State agencies and departments which maintain records of public assistance, unemployment insurance, income taxation, driver's licenses, vehicle registration, criminal records;

(3) has been sending cases to the Federal PLS after a reasonable and diligent State and local effort has failed to locate the absent parent; and

(4) referred cases to the IV-D agency of another State if there is reasonable belief that the absent parent may be present in such State.

f. Determine that the State IV-D agency is accepting applications from individuals not otherwise eligible by determining:

(1) the number of cases where the resident parent, attorney, or agent of a child not receiving aid has applied to use the PLS; and

(2) the number of cases in (1) that the absent parent was located.

g. Determine if the State IV-D agency is utilizing its written procedures for establishing parent locator services by performing the following steps:

(1) Determine the total number of cases to use the State PLS for the period July - September 1977.

(2) Using the random sample table in Unit IX, and the instructions for its use, select 10 cases for review;

(3) From the information contained in the case file, determine if the State agency is using its written procedures by completing the schedule which follows.

Case Number	Applicant's Name	Is Applicant Receiving Federal Financial Assistance?	Was Absent Parent Located? State, Local, or Federal PLS?	Describe Locate Sources Used At State and Local Level	Did IV-D Agency Collect or Pay Fee? (Specify)	Was the Fee Paid Or Collected in Accord With Written Procedures?

h. Determine that the State has utilized all available resources necessary to establish the whereabouts of an absent parent or that the whereabouts of an absent parent cannot be established.

i. Determine that the State has developed and is utilizing protective measures to safeguard information transmitted and received through the use of the Federal PLS by:

(1) treating the information as confidential;

(2) assuring that the IV-D agency will take protective measures to safeguard personal information; and

(3) taking protective measures in accordance with any other instructions issued by the Office.

j. Determine that the State IV-D agency's written procedures are appropriate by:

(1) selecting 4 new (open) cases where an absent parent exists for review;

(2) performing all steps of the State's written procedures for locating absent parents on each of the cases selected above; and

(3) prepare workpapers for each of the steps performed and summarize the appropriateness of the State's parent locator service procedures. This summarization should include any deficiencies from a procedural or operational basis.

k. Determine that the State has available (through employee status, cooperative agreements or purchase of service agreements) personnel operating the State parent locator service.

l. Summarize the findings in the section in regards to whether the State is complying with 305.33.

CRITERION 14 COOPERATIVE ARRANGEMENTS

There are *no separate Audit Steps* for measuring the effectiveness of State cooperative arrangements with other public and private service agencies. There are several services required of the State which may be performed by non-State IV-D Agency parties through agreements with appropriate courts and law enforcement officials or through purchase-of-service contracts. In the event that the service requirement (of Title IV-D) is met by Cooperative Arrangement, it will be audited. Where there is no such arrangement, obviously this aspect of the requirement will not be audited.

Cooperative arrangements may be audited under these criteria (service requirements):

1) establishing paternity;

2) establishing child support obligations;

3) enforcing child support obligations;

4) collecting child support; and,

5) cooperation with other States.

OBJECTIVES AND AUDIT STEPS FOR CRITERION 15

Reports and Maintenance of Records

PRIMARY OBJECTIVE: Ensure that the responsible unit within the State has written procedures on the preparation of necessary reports and maintenance of necessary records, and is using these procedures in maintaining necessary records and preparing necessary reports.

SECONDARY OBJECTIVES: Ensure that -

a) reports required by the Secretary are provided when due and are accurate and complete; and,

b) the State has staff preparing the required reports.

B. 14. AUDIT STEPS

a. Obtain a copy of the written procedures the State agency uses to (1) prepare reports required by the Secretary and (2) maintain records necessary for efficient operation of the IV-D agency.

b. Review the written procedures to determine that the State has a system for insuring that reports required by the Secretary are:

(1) filed on the due date;

(2) accurate and complete; and

(3) prepared in accordance with instructions issued by this Office in Action Transmittals, 75-3, 75-4, 76-17; and Information Memorandum 75-3; and any instructions issued by the State.

c. Review the procedures in part b above by performing the following steps:

(1) Obtain a copy of the following quarterly and annual report forms filed by the State for the quarter of July - September 1977, and the last annual form filed, respectively.

OCSE-OA-41.3a/OCSE-OA-41.4a - Statement of AFDC Child Support Collections Title IV-D

OCSE-OA-41.16 - Statement of Non-AFDC Child Support Collections

OCSE-OA-41.17 - Statement of Expenditures for Child Support Enforcement Under Title IV-D

(SRS)-OA-41 - Summary Sheet for the Statement of Maintenance Assistance Expenditures for Aid to Families with Dependent Children

(SRS)-OA-41 - Quarterly Statement of Expenditures Summary Sheet for States Using the SRS Letter of Credit

(SRS)-OA-41-SLC - Quarterly Statement of Expenditures Summary Sheet for States Using the Single Letter of Credit

(SRS)-OFM-25 - Quarterly Statement of Financial Plan

(SRS)-OFM-65 - Budget Projection

OCSE-3.1 -
OCSE-3.2 - Statistical Report on Child Support
OCSE-3.3 - Enforcement Staff and Activities

(2) Review these reports to determine their timeliness in filing, completeness, and accuracy. Prepare a schedule in the format shown below.

Report No. Specify Qtr. & Yr.	Date Form Filed	Is Form – (Yes or No)			If Answer is No, Explain Why	Were Written Procedures Used In Preparing Forms?
		Prepared Accurately	Complete	Filed Timely		

d. Review the written procedures to determine that the procedures would,if properly utilized, maintain records necessary to prepare reports in the form containing such information as required from time-to-time. These records include, but are not limited to, the following:

(1) applications for child support services for individuals not otherwise eligible for paternity and child support services.

(2) records regarding the -

(a) location of absent parents,

(b) actions to establish paternity and to obtain and enforce child support, and

(c) costs incurred in these actions.

(3) amount and sources of child support collections and the distribution of these collections;

(4) any fees charged or paid for child support enforcement services;

(5) any other administrative costs;

(6) any other information required by this Office; and

(7) statistical, fiscal, and other records necessary for efficient operation of the plan.

e. Determine if the State's written procedures include the retention and custodial requirements for these records as prescribed in 45 CFR, Part 74.20, Subpart D.

f. Summarize the findings in this section in regards to the steps relating to 305.35.

OBJECTIVES AND AUDIT STEPS FOR CRITERION 16

Fiscal Policies and Accountability

PRIMARY OBJECTIVE: Ensure that the State is claiming for Federal funds in accordance with applicable Federal requirements.

SECONDARY OBJECTIVES: Ensure that -

a) the State adheres to the retention and custodial requirements of the records as prescribed by 45 CFR part 74; and,

b) the State has personnel performing fiscal policy and accountability functions.

B.15. AUDIT STEPS

a. Through discussions with appropriate IV-D agency officials, determine how the IV-D establishes fiscal policies.

(1) Obtain any written material on these policies.

(2) Determine if these fiscal policies are in accord with Federal requirements.

b. Outline the accounting system of the State IV-D agency in general terms. Does the accounting system, if utilized effectively, assure that claims for Federal funds are in accord with applicable Federal regulations and instructions issued by the Office in the following Action Transmittals:

(1) OCSE-AT-75-3 - Instructions for Preparing Quarterly Statement of Expenditures

(2) OCSE-AT-75-4 - Office of Child Support Enforcement Quarterly Statement of Financial Plan

(3) OCSE-AT-76-17 - Statistical Report on Child Support Enforcement Staff and Activities

(4) OCSE-IM-75-3 - Accounting for the Child Support Enforcement Program

c. Determine that the State has available (through employee status, purchase of service agreements, cooperative agreements, or other contracts) personnel establishing fiscal policies and maintaining accountability over claims for Federal funds.

d. Summarize the findings in this section with regards to whether the State agency is in compliance with 305.36.

OBJECTIVES AND AUDIT STEPS FOR CRITERION 17

Safeguarding Information

OBJECTIVES: Ensure that IV-D case record information is safeguarded so that its use or disclosure is restricted to the administration of IV-D or to the following purposes directly connected with:

1) the administration of the plan as approved under parts A, B, C, or D of Title IV or under Titles II, X, XIV, XVI, XIX, or XX;

2) any investigation, prosecution or criminal or civil proceeding conducted in connection with the administration of any such plan or program: and

3) the administration of any other Federal or Federally assisted program which provides assistance, in cash or in kind, directly related to individuals on the basis of need.

B.16. AUDIT STEPS

a. Obtain from the State IV-D agency a copy of written procedures on restricting the use or disclosure of information concerning applications and/or recipients of child support enforcement services. For those States that have elected to issue instructions to the local political subdivisions, eliminate steps b, c, and d below.

b. Review the written procedures to determine that the procedures would, if properly utilized, restrict the disclosure of information to:

(1) the administration of the plan or program approved under Parts A, B, C, or D of Title IV; or under Titles II, X, XIV, XVI, XIX, or XX;

(2) any investigation, prosecution, criminal, or civil proceeding conducted in connection with the administration of any such plan or program; and

(3) the administration of any other Federal or Federally assisted program which provides

assistance, in cash or in kind, or service directly to individuals on the basis of need.

c. Determine if the written procedures, if utilized, would be effective in safeguarding information.

d. Summarize the findings in this section as to whether the IV-D agency is complying with 305. 37.

STAGE C AUDIT STEPS TO BE DONE AT THE LOCAL IV-A AGENCY

OBJECTIVES FOR CRITERION 18 AND CRITERION 19

Notice to Child Support Agency

Assignment of Rights to Support

For a State to have an effective IV-D program, the State must require each IV-A agency to undertake certain functions. These functions are to (1) notify the IV-D agency for cases in which AFDC is furnished with respect to a child who has been deserted or abandoned by a parent, and (2) obtain assignments of support rights for AFDC applicants and have assignments in effect at the local IV-A agency.

These two criteria will be measured at the Local IV-A Agency of the political subdivisions selected in Stage A of the audit. The objectives of the criteria are as follows:

Criterion 18

PRIMARY OBJECTIVE: Ensure that the IV-D agency is referred AFDC cases involving a deserted or abandoned child.

Criterion 19

PRIMARY OBJECTIVE: Ensure that the State receives assignments of support rights from applicants and recipients.

SECONDARY OBJECTIVES: Ensure that -

a) in any case where the relative with whom a child is living fails to assign the right, the relative is denied eligibility; and,

b) in any case where the relative with whom a child is living fails to assign the right, the payment is made to a protective payee.

C.1. AUDIT STEPS FOR CRITERION 18

Notice to Child Support Agency

a. A State may elect to refer cases to the IV-D agency either upon applications for AFDC benefits or upon determination of eligibility. Obtain either a list of all new applications for AFDC payments or a list of all applicants determined to be eligible (depending on the election of the State) for the months of July and August 1977. (The list obtained for Criterion 19 may also be used for this section provided there are a sufficient number of cases where a child has been deserted or abandoned by a parent.)

b. Using the random sample table in Unit IX, select a total of 10 new cases where a child has been deserted or abandoned;

c. Schedule the cases according to the format on this page and obtain the requested information for each case;

d. Summarize the findings of this section in regards to whether the local IV-A agency is complying with 305.38.

Date of Application or Determination of Eligibility	Case Number	Name of Applicant	Name of Absent Parent or Putative Father		Notification Sent to IV-D Agency		
					(Yes or No)	If Yes, Date Sent	If No, Reason for Lack of Notification

C.2. AUDIT STEPS FOR CRITERION 19

Assignment of Rights to Support

a. Obtain a list of all new applications for AFDC payment during the months of July and August 1977.

b. Using the random sample table in Unit IX and the instructions for its use, select 10 new applicants for AFDC payments for review.

c. Schedule the sample of applicants in the format on this page and obtain the following information for each case:

(1) Date of applications;

(2) Case number;

(3) Name of applicant;

(4) Name of absent parent or putative father;

(5) Whether or not there is an assignment of support rights;

(6) In those cases where there is no assignment, the reason for the lack of assignment;

(7) In those cases where the relative with whom a child is living fails to assign the right,

(a) Whether or not the relative is included in the basic grant,

(b) Whether or not the payment is made to a protective payee. The format to be used in this schedule is presented below.

d. Summarize the findings of this section in regards to whether the local agency is complying with 305.38.

Date of Application	Case Number	Name of Applicant	Name of Absent Parent or Putative Father	Assignment of Support Rights (Yes or No)	If No Assignment, Reason For No Assignment	Where Relative Fails To Assign Right	
						Relative Included in Grant (Yes or No)	Payment Made To Protective Payee

STAGE D AUDIT STEPS TO BE DONE AT PARTICIPATING LOCAL ORGANIZATIONS

Although the State IV-D agency is legally responsible for planning and executing the IV-D program within the State, many different types of organizations may perform the functions and services of the IV-D program at the local level. The organizations may include: 1) district offices of the State IV-D Agency; 2) county governmental units such as boards of supervisors; 3) city governments; 4) local district or county attorneys; 5) local courts; or, 6) other organizations.

In any event, it is incumbent upon the State IV-D Agency to ensure that all services of the IV-D proram are available to all eligible citizens of the State. Therefore, in the audit, a sample of political subdivisions within the State will be selected (completed in Stage A, Step 6 using the formula of Unit IX)and the Auditor will determine that:

1. some organizational unit has responsibility for each service in that political subdivision (use list obtained in Audit Step B.1.f.);
2. the responsible organizational unit has written procedures (either the State's or its own) for administering the service; and,
3. the responsible organizational unit is using these written procedures in providing the service.

In measuring the effectiveness of the State's IV-D program, the following Audit Steps will be used for local organizations having direct involvement with the IV-D program.

D.1. AUDIT STEPS TO BE DONE AT THE LOCAL ORGANIZATION RESPONSIBLE FOR NOTICE TO CHILD SUPPORT AGENCY

a. Discuss with the organization its procedures for accepting notification from the IV-A agency.

b. Prepare a schedule from the information obtained in audit step C.1.c. For each case, ascertain that the organization's records show that notification was received from the IV-A agency and, where possible, note the date of receipt. The format for the schedule should be as shown on this page.

c. Summarize the findings of this section in regards to whether 305.38 is being complied with.

Case Number	Name of Applicant	Date Notification Sent	Date Notification Received	Comments

D.2. AUDIT STEPS TO BE DONE AT THE LOCAL ORGANIZATION IN REGARD TO STATE FINANCIAL PARTICIPATION

a. Obtain copies of any cooperative agreements and purchase of services (government and private) agreements between the local IV-D organization and outside parties for administrative costs.

b. Review these agreements to determine if such costs to the IV-D agency are in accordance with appropriate Federal regulations by performing the following audit steps:

(1) Obtain a list of employees whose salaries and wages are covered by the agreements;

(2) From the list, select 10 employees by using the random sample table in Unit IX and the instructions;

(3) Obtain and document the following information from the employee concerning their functions in the child support program;

(a) Discuss with the employee their specific duties in the child support program;

(b) For those employees that expend only a portion of their time performing duties of child support, determine how their time is allocated in IV-D functions and other duties;

(c) Compare the specific duties of the employee ascertained in (a) above with the duties specified in the agreement; and

(d) Compare the wages the employee received with the wages billed to the IV-D agency.

c. Summarize the findings in this section in regards to whether the local organization is complying with section 305.22.

D.3. AUDIT STEPS TO BE DONE AT THE LOCAL ORGANIZATION RESPONSIBLE FOR ESTABLISHING PATERNITY

a. Obtain copies of the written procedures on establishing paternity. Where States have elected to provide written procedures which are mandatory on political subdivisions, eliminate step b below. For States using a combination of State and locally administered programs, all audit steps should be followed.

b. Review the written procedures on establishing paternity to determine that the procedures:

(1) require obtaining the identity of the putative father from the applicant or recipient;

(2) require establishing paternity by court order or other legal process established by State law and by acknowledgement, if under State law such acknowledgement has the same legal effect as court ordered paternity including the rights to benefits other than child support;

(3) comply with all other provisions of the State statutes and regulations;

(4) would, if utilized, be effective in establishing paternity; and,

(5) are mandatory on employees of the organization establishing paternity.

c. When a local organization is establishing paternity, determine that the written procedures are being utilized by the following steps:

(1) Obtain a list of all cases in which paternity was attempted to be established for the period July—September 1977. (If during this period the cases were too small, use the January—September 1977 period.);

(2) Using the random sample table in Unit IX, select 10 cases from the list obtained in above; and

(3) Schedule these cases and, using the format on the following page, obtain the information required.

d. Obtain from the local organization, the State-prepared list of all laboratories within the State which perform legally and medically acceptable tests, including blood tests, which tend to confirm or refute the alleged paternity.

e. Determine that the local organization has available (either as employees of its own or through the State) attorneys or prosecutors to represent the State in any court or administrative procedures involving establishing paternity within the State.

f. Summarize the findings of this section in regards to whether the local organization is complying with 305.24.

Date of Application	Case Number	Name of Applicant	Name of Absent Parent or Putative Father	Date of Establishment of Paternity	If No Establishment of Paternity, Reason for Non-Establishment	Were Written Procedures Used In Attempting To Establish Paternity?

D.4. AUDIT STEPS TO BE DONE AT THE LOCAL ORGANIZATION RESPONSIBLE FOR ESTABLISHING SUPPORT OBLIGATIONS

a. Obtain copies of the written procedures on establishing support obligations. Where States have elected to issue written procedures that are mandatory on political subdivisions, eliminate step b below. For States using a combination of State and locally administered program, all audit steps should be followed.

b. Review the written procedures on establishing child support obligations to determine that the procedures:

(1) require establishing support obligations for any child where there is an assignment of support rights in effect or where there is an application for child support services for non-AFDC cases;

(2) require establishing support obligations for any child who has not previously had a child support obligation established by court order or by other legal process established under State law;

(3) involve the use of a State's formula for the establishment of child support whenever the obligation is established by means other than a court order;

(4) would, if utilized, be effective in establishing child support obligations; and

(5) are mandatory on employees of the organization performing establishment of child support obligations.

c. Where a local organization is establishing child support obligations, determine that the written procedures are being utilized by applying the following audit steps:

(1) Determine the number of cases (both new and continuing) where child support obligations were needed to be established during the period July—September 1977;

(2) Obtain a list of all cases in which child support obligations were attempted to be established for the period July—September 1977. (If during the period the number of cases was too small, use the January—September 1977 period.);

(3) Using the random sample table in Unit IX, select 10 cases for the list obtained in step (1);

(4) Schedule these cases and using the format on this page, obtain the necessary information from the case file.

d. Determine that the local organization has available (either as employees of its own or through the State) attorneys or prosecutors to represent the State in any court or administrative proceedings when necessary to establish the support obligation.

e. Summarize the findings in this section in regard to whether the local organization is complying with 305.25.

Case Number	Applicant's Name	Is There An Assignment of Support Rights or Application For Child Support Non-AFDC Cases?	Was Child Support Obligation Previously Established By Court Order or Other?	Were Written Procedures Used in Establishing Child Support Obligations? If Not, Why?

D.5. AUDIT STEPS TO BE DONE AT THE LOCAL ORGANIZATION RESPONSIBLE FOR ENFORCEMENT OF SUPPORT OBLIGATION

a. Obtain copies of the written procedures on enforcing child support obligations. Where States have elected to issue written procedures that are mandatory on political subdivision, eliminate step b below. For States using a combination of State and locally administered programs, all audit steps should be followed.

b. Review the written procedures on enforcement of support obligations and determine that the procedures:

(1) include methods for identifying as delinquent those cases in which there is a failure to comply with the support obligation;

(2) include instructions for contacting delinquent obligors for the purpose of collecting the support obligation;

(3) identify and establish the appropriate procedures including those listed in 45 CFR 303.6 to enforce child support obligations under the State's statutes or regulations;

(4) includes instructions for using reciprocal support enforcement arrangements that have been adopted with other States;

(5) would, if utilized, be effective in enforcing child support obligations; and

(6) are mandatory on employment of the organization performing enforcement of child support obligations functions.

c. Where a local organization is enforcing child support obligations, determine that the written procedures are being utilized by applying the following audit steps:

(1) Determine the number of active cases where child support should have been collected for the month of September. What was the number of cases where collections were actually received?

(2) Obtain a list of all cases in which child support obligations were attempted to be enforced for the period July—September 1977. (If during the period the number of cases was too small, use the January-September 1977 period.);

(3) Using the random sample table in Unit IX, select 10 cases from the list obtained in step (1) above; and

(4) Schedule these cases and using the format on the following page, obtain the necessary information from the case file.

d. Determine that the local organization has available (either as employees of the organization or through the State) attorney or prosecutors to represent the State in any court or administrative proceedings when necessary to enforce delinquent support obligations.

e. Summarize the findings in this section in regards to whether the local organization is complying with 305.26.

Case Number	Name of Delinquent Parent	Date Obligor Became Delinquent	Amount in Arrears	Was Obligor Contacted About Delinquency, How?	Describe Methods Used to Enforce Obligations	Were Written Procedures Used in Enforcing Support Obligations?

D.6 AUDIT STEPS TO BE DONE AT THE LOCAL ORGANIZATION RESPONSIBLE FOR CHILD SUPPORT PAYMENTS TO THE IV-D AGENCY

a. Obtain copies of the local organization's written procedures on the collection of child support payments. Where States have elected to issue written procedures that are mandatory on political subdivisions, eliminate step b below. For States using a combination of State and locally administered programs, all audit steps should be followed.

b. Review the written procedures on the collection of child support payments and determine that the procedures:

(1) require collecting child support payments by the local organization for cases in which there is an assignment of support rights by AFDC applicants or recipients;

(2) require collecting child support payments by the local organization for cases in which there is an application for child support services by non-AFDC applicants unless receipt of such payments is not necessary;

(3) include methods for identifying child support payments that are not being received by the local unit and means for taking effective action;

(4) include instructions for informing the State's IV-A agency of the amount of collections for eligibility determination purposes whenever there is a change in payments which may make the recipient ineligible;

(5) would, if utilized, be effective in the collection of child support payments; and

(6) are mandatory on employees of the organizations performing collection of child support payment functions.

c. Where the local organization is collecting child support payments, determine that the written procedures are being utilized by applying the following audit steps:

(1) Obtain a list of all cases where a child support obligation has been established for the period July—September 1977. (If during the period the number of cases were too small, use the January—September 1977 period.);

(2) Using the random sample table in Unit IX, select 20 cases from the list obtained in step (1) above;

(3) Schedule these cases and, using the format on this page, obtain the necessary information from the case file (or active collection records.

d. Determine that child support payments are going to the IV-D agency instead of the family by applying the following audit steps:

(1) Obtain a register of all AFDC payments made during the month of August 1977;

(2) Using the random sample tables in Unit IX, select 20 cases for review;

Date of Establishment of Support Obligation	Amount of Support Obligation	Case Number	Name of Applicant or Recipient	Name of Obligor	Date First Collection Made	Date Last Collection Made	Amount of Arrearages at Sept. 30, 1977	Were Written Procedures Used in Attempting To Collect Arrearages?

(3) Schedule these cases, and using the format on this page, obtain the necessary inforessary information from the appropriate file.

e. Summarize the findings in this section in regards to whether the local organization is complying with 305.27.

Case Number	Name of Payee	No. of Recipients in the Grant Award	Amount the Grant Award Should Be For Size of Family	Amount of Payment to Payee	Reason For, Any Ditference

D.7. AUDIT STEPS TO BE DONE AT THE LOCAL ORGANIZATION RESPONSIBLE FOR DISTRIBUTION OF CHILD SUPPORT PAYMENTS

a. Obtain the local organization's written procedures for distributing child support payments. Where the distribution of child support payments is administered by the central IV-D agency, eliminate step (b) below. For States using a combination of State and locally administered programs, all audit steps should be followed.

b. Review the written procedures on the distribution of child support payments and determine that the procedures:

(1) require that the amounts collected be treated first as payment on the required support obligation for the month in which the support obligation was collected, and any amounts in excess of the required monthly support obligation are treated as arrearages;

(2) require that distribution be made in the following order;

(a) For collections received before September 30, 1976, 40 percent of the first $50 shall be paid to the family.

(b) Any additional amounts (up to the amount of the assistance) be retained by the State. The IV-D agency must determine the Federal government's share of the amount retained so the IV-A agency may reimburse the Federal government to the extent of its participation in the financing of the assistance payment. Any incentive payments may be deducted from the Federal share.

(c) Any amounts collected in excess of the amounts required for repayment of the assistance payment, but less than the court-ordered amount, be paid to the family.

(d) Any amount collected in excess of (a), (b), and (c) be retained by the State as reimbursement for past assistance.

(e) Any amounts collected in excess of arrearages be paid to the family.

(3) require that no amounts be accepted as future child support payments until payments on the current month and all past months have been made;

(4) do not allow the local unit to collect child support payments more than three months beyond the month following the month in which the family ceased receiving AFDC assistance without authorization from the individual. The agency may deduct a collection fee for making collections after the three month period and remit the remainder to the family;

(5) requires that when a family ceases to receive AFDC assistance, the assignment terminates except that the agency must attempt to collect the unpaid support obligation that has accrued under the assignment. The procedures must require that such collections be distributed as follows:

(a) Used to reimburse any amount of past assistance that have not previously been reimbursed. The IV-D agency must determine the Federal government's share of the amounts so retained, enabling the IV-A agency to reimburse the Federal government to the extent of its participation in the financing of the assistance payment.

(b) Any amounts which exceed the amount of unreimbursed past assistance shall be paid to the family.

(c) Any collections received by the IV-D agency under audit step (4) of this section are treated as current support.

(6) would, if utilized, be effective in the distribution of child support payment collections; and,

(7) are mandatory on IV-D agency employees, political subdivisions of the State, and other organizations performing collection of child support payments under cooperative agreement or purchase of service agreements.

c. Where the local organization is distributing child support payments, determine that the written procedures are being utilized by applying the following audit steps:

(1) Obtain a list of all cases where support obligations were collected during the month of July 1977.

(2) Using the random table in Unit IX, select 20 cases from the list obtained in (1) above.

(3) Schedule these cases and, using the format on the following page, obtain the necessary information from the case file (or other collection and disbursement records).

d. Obtain the amount of child support distributions made by the local organization during the quarter of July—September 1977.

e. Compare the quarterly total ascertained in d above, with the child support distributed by the political subdivision under review as reported in step B.8.d.

f. Summarize the findings of this section in regards to whether the local organization is complying with 305.28.

Date of First Payment Collection	Case Number	Name of Applicant or Recipient	Name of Obligor	Amount of Support Family Needs Determined By State	Amount of Support Obligation Per Month	Amount of Collection During the Month of July	Amount of Collection Applied to Current Obligation	Amount of Collection Paid to Family For Bonuses	Amount of Collection Determined As Federal Government Share	Amount of Collection Determined as Incentive	Amount of Collection Distributed to Family Because Exceeded Assistance Payment But Less than the Court Ordered Amount	Amount of Collection Retained By the State as Reimbursement For Past Assistance

101 102

Amount in Excess of Arrearages Paid to the Family	Amount of Collection Determined As Future Payments	Amount Collected for Non-AFDC Assistance in First Three Months	Amount Collected for Non-AFDC Over Three Months	Authorization From Individual (Yes or No)	Were Any of the Cases Terminated? (Yes or No)	Were Distribution of Collections in Accordance With the Written Procedures? (Yes or No) If No, Explain Why.

D.8. AUDIT STEPS TO BE DONE AT THE LOCAL ORGANIZATION RESPONSIBLE FOR PAYMENTS TO THE FAMILY

a. Where the local organization is distributing child support collections, make a schedule of payments made to the families under audit step 7.c. (3) columns 7, 10, 12, 14, and 15.

b. Obtain the name and address of the payee that the distribution was made to.

c. From the case file (or when necessary IV-A case file) determine the name of the resident parent, legal guardian, or caretaker relative having custody of, or responsibility for, the child or children.

d. Determine that the persons were the same, or for any differences, the reason for the difference. The schedule to be used should follow the format on this page.

e. Summarize the findings of this section in regards to whether the local organization distributing child support collections to families is complying with 305.29.

Case Number of Family Payment Made To	Name of Payee	Name of the Resident Parent, Legal Guardian or Caretaker Relative	Are Names the Same? (Yes or No) If No, Explain the Reason.

D.9. AUDIT STEPS TO BE DONE AT THE LOCAL ORGANIZATION RESPONSIBLE FOR INCENTIVE PAYMENTS

a. Obtain a copy of the local organization's written procedures for distributing incentive payments. Where States have elected to issue guidelines that are mandatory on political subdivisions, eliminate steps b and c below. For States using a combination of State and locally administered programs, all audit steps should be followed.

b. Review the written procedures for distributing incentive payments to determine that the procedures:

(1) provide for making incentive payments to other States and, if appropriate, to political subdivisions within the State;

(2) include methods to account for child support collections received so the "amount retained by the State to reduce or repay assistance payments" can be properly determmined;

(3) provide for determining which collections represent payments on the first 12 months of support obligations for applying incentive payments percentages;

(4) provide for determining that the collection was made by a State or political subdivision operating pursuant to an approved IV-D plan and was made on behalf of an individual with respect to whom there is an assignment;

(5) require that incentive payments be made as soon as administratively feasible;

(6) include a method of allocating the incentive payment among jurisdictions when more than one jurisdiction is involved in the enforcement and collection;

(7) would, if utilized, be effective in distributing incentive payments; and

(8) are mandatory on IV-D agency employees, political subdivisions of the State, and other organizations distributing incentive payments under cooperative agreements or purchase of service agreements.

c. Determine that the local organization is making distribution of incentive payments in accordance with written procedures by performing the following audit steps;

(1) Obtain a list of all cases where the local organization has distributed incentive payments during the period July—September 1977.

(2) Using the random sample table in Unit IX, select 10 cases from the list above; and

(3) Schedule these cases, and using the format on this page, obtain the necessary information from the case file.

d. Determine that the local organization has available (through employee status, cooperative agreements, or purchase of service agreements) personnel making distribution of incentive payments.

e. Summarize the findings in this section in regards to whether the local organization is complying with 305.30.

Case Number	Name of Applicant	Location of Enforcement and Collection	Amount of Support Collected	Date Support Collected Received By IV-D Agency	Incentive Amount	Date Incentive Paid	Were Written Procedures Used? If Not, Why?

D.10. AUDIT STEPS TO BE DONE AT THE LOCAL ORGANIZATION RESPONSIBLE FOR INDIVIDUALS NOT OTHERWISE ELIGIBLE

a. Obtain a copy of the local organization's written procedures for accepting signed, written applications from individuals not otherwise eligible for child support services. Where States have elected to issue guidelines that are mandatory on political subdivisions, eliminate steps b and c below. For States using a combination of State and locally administered programs, all audit steps should be followed.

b. Review the written procedures on individuals not otherwise eligible to determine that:

   (1) all appropriate child support services are available, as in the State plan, including locating absent parents, establishing paternity, and securing child support; and

   (2) the local organization is collecting fees from individuals not eligible who apply for child support services.

c. To determine that the local organization is using its written procedures to provide child support services to individuals not otherwise eligible:

   (1) Determine the total number of applications received for child support services from individuals not otherwise eligible for the period July—September 1977;

   (2) Using the random sample table in Unit IX, select 10 cases for review.

   (3) Prepare a schedule in the format on this page inserting the necessary information.

d. To determine if the local organization is using its procedures for collecting fees, prepare a schedule in the second format using the cases selected in part c above.

e. Determine if the local organization has available (through employee status, purchase of service agreements, cooperative agreements, or other contracts) personnel providing these services to individuals not otherwise eligible.

f. Summarize the findings in this section in regards to whether the local organization is complying with 305.31.

Case Number	Name of Applicant	SERVICE APPLIED FOR (Check Appropriate Box)				Were Services Provided?	Were Written Procedures Used? If Not, Why?
		Location of Absent Parent	Establishing Paternity	Securing Child Support	Other (Specify)		

Case Number	Name of Applicant	Service Provided Applicant (Specify)	Amount of Fees Collected	Basis of Fees Flat Rate or Other	Were Fees Collected in Accordance With Written Procedures? If Not, Why?

D.11. AUDIT STEPS TO BE DONE AT THE LOCAL ORGANIZATION RESPONSIBLE FOR COOPERATION WITH OTHER STATES

a. Obtain a copy of written procedures used by the *local agency for cooperating with other States* and local IV-D agencies. For States that have elected to issue instructions to the local organization, eliminate step b below.

b. Review the written procedures to determine that the local agency is:

(1) accepting and processing requests for assistance from other States;

(2) using the State's PLS (both State and local locate sources) in an attempt to locate an absent parent upon request of another State;

(3) establishing paternity or assisting in establishing paternity when requested by another State;

(4) establishing court orders for support upon request by another State, including procedures for responding to a complaint under the Uniform Reciprocal Enforcement of Support Act (URESA);

(5) collecting support payments from an absent parent and forwarding such payments to the State where the obligation is owed;

(6) monitoring the status of cases upon which the State is taking action on behalf of another State; and

(7) complying with the requirements for providing sufficient information to other States.

c. Determine if the local organization is utilizing its written procedures by performing the following steps:

(1) Using the table in Unit IX and instructions for its use, determine the total number of cases/requests received from another State or local political subdivision. From the total number of cases/requests, select 10 cases for review; and

(2) Using the format on this page, list the information contained in the 10 cases.

d. Determine that the local agency has available (through their own employees, purchase of service agreements, cooperative agreements, or other arrangements) personnel to perform the functions of cooperating with other States.

e. Summarize the findings in regard to this section as to whether the local organization is complying with 305.32.

Case Number	Requesting Agency	Date Request Received	Type of Request	Services Provided To Meet Request By the Other State	Date Information or Collection Remitted to the Requesting State	Were These Services Performed In Accord With Written Procedures?

D.12. AUDIT STEPS TO BE DONE AT THE LOCAL ORGANIZATION RESPONSIBLE FOR PARENT LOCATOR SERVICE

a. Determine that the local organization has established and is utilizing a parent locator service. The local IV-D agency must be:

(1) establishing methods for accepting applications for use of the Federal Parent Locator Service from:

- any State or local agency or official seeking to collect a child support obligation pursuant to the State plan.
- a court which has authority to issue an order against an absent parent for the support and maintenance of a child, or any agency of such court.
- the resident parent, legal guardian, attorney, or agency of a child who is not receiving aid under title IV-A of the Act.

(2) submitting any request for use of the Federal PLS to the central State PLS; and

(3) collecting or paying fees requiring by section 453 (e) (2) of the Act to be charged the individuals in (a) (1) above.

b. Obtain copies of the IV-D agency's written procedures for establishing a parent locator service. Where the State has issued specific instructions on establishing a parent locator service, eliminate steps c and d below. For States using a combination of State and locally administered programs, all audit steps should be followed.

c. Review the local IV-D agency's written procedures to determine that the procedures:

(1) require accepting applications to use the State parent locator service from the persons specified in a(1) above;

(2) require collecting or paying any fees required by the State plan to the persons specified in a(1) above; and

(3) required the IV-D agency to identify and use major locate data sources in its jurisdiction, such as officials and employees administering public assistance, general assistance, medical assistance, food stamps and social services, and relatives and friends of the absent parent, etc.

d. Determine if the local organization is utilizing the written procedures by performing the following steps:

(1) Ascertain the number of applications for use of the Federal PLS and the central State parent locator service;

(2) By using Unit IX Tables and instructions for its use, select 10 cases for review; and

(3) The information contained in the format on this page should be used to determine if the local organization is utilizing its written procedures.

e. Determine if the local organization has utilized all available resources to establish the whereabouts of an absent parent or establish that the whereabouts of an absent parent cannot be ascertained.

f. Review the written procedures of the local organization to determine that it has developed and is utilizing protective measures to safeguard information transmitted and received through the use of the Federal PLS by:

(1) treating the information as confidential;

(2) assuring that the local organization will take protective measures to safeguard personal information;

(3) taking protective measures in accordance with any other instructions issued by this office; and

(4) would, if utilized, be effective in assuring the safeguarding of information.

g. Determine that the local organization has available (either as employees of its own or through the State) personnel performing the operations of the Parent Locator Service as provided above.

h. Summarize the findings of this section in regards to whether the local organization is complying with 305.33.

Case Number	Applicant's Name	Relationship of Applicant to Child	Fee Collected How Much?	Identify Locate Source	Was Absent Parent Located?	Were Written Procedures Used? If not, why?

D.13. AUDIT STEPS TO BE DONE AT THE LOCAL ORGANIZATION RESPONSIBLE FOR REPORTS AND MAINTENANCE OF RECORDS

a. Obtain a copy of the written procedures used by the local unit for maintaining the records necessary for proper and efficient operation of the Child Support Enforcement program.

b. Review these procedures to determine if the local organization is maintaining records necessary to prepare reports in the form containing such information as required. These records include, but are not limited to, the following:

   (1) applications for child support services for individuals not otherwise eligible for paternity and child support services;

   (2) records regarding the a) location of absent parents, b) actions to establish paternity and to obtain and enforce child support, and c) costs incurred in these actions;

   (3) amount and sources of child support collections and the distribution of these collections;

   (4) any fees charged or paid for child support enforcement services;

   (5) any other administrative costs;

   (6) any other information required by the Office; and

   (7) statistical, fiscal, and other records necessary for an efficient operation of the plan.

c. Summarize the findings in regards to the audit steps relating to 305.35.

D.14. AUDIT STEPS TO BE DONE AT THE LOCAL ORGANIZATION RESPONSIBLE FOR FISCAL POLICIES AND ACCOUNTABILITY

a. Ascertain that the local organization is maintaining and utilizing an accounting system and supporting fiscal records to assure that claims for Federal funds by the State are in accordance with applicable Federal regulations and any other written instructions from this Office.

b. Determine that the local organization has available (through their own employees or the State) personnel establishing fiscal policies and maintaining accountability over claims for Federal funds.

c. Summarize the findings in regards to whether the local organization is in compliance with 305.36.

D.15. AUDIT STEPS TO BE DONE AT THE LOCAL ORGANIZATION RESPONSIBLE FOR SAFEGUARDING INFORMATION

a. Obtain a copy of the written procedures used by the local organization on the disclosure of information concerning applicants and/or recipients of child support enforcement services.

b. Review the written procedures or instructions obtained above to determine that the local organization has instructions that would, if properly used, ensure that the disclosure of information is restricted to:

   (1) the administration of the plan or program under Parts A, B, C, or D of Title IV; or under Titles II, X, XIV, XVI, XIX, or XX.

   (2) any investigation, prosecution, criminal or civil proceeding conducted in connection with the administration of any such plan or program; and

   (3) the administration of any other Federal or Federally assisted program which provides assistance, in cash or in kind, or services, directly to individuals on the basis of need.

c. Determine if these procedures would, if utilized, be effective in safeguarding information concerning applicants and/or recipients of child support enforcement services.

d. Summarize the findings of this part with regards to 305.37.

SUMMARY REPORT FORMAT

STATE AUDITED:

POLITICAL SUBDIVISIONS AUDITED:

PERIOD OF AUDIT:

DATES AUDIT PERFORMED:

KEY PERSONNEL PERFORMING AUDIT (NAMES & TITLES):

FINDINGS IN REGARD TO THE STATE'S EFFORTS TO OPERATE AN EFFECTIVE PROGRAM:

(A condensed version of each summary of findings previously completed at the conclusion of the audit steps cited below is to be installed here for each of the following audit criteria. The entire summary of findings for each should NOT BE REPEATED.)

1. ***Statewide operation.***
   Summary of findings in audit step B.1.
2. ***State financial participation.***
   Summary of findings in audit steps B.2. and D.2.
3. ***Single and separate organizational unit.***
   Summary of findings in audit step B.3.
4. ***Establishing paternity.***
   Summary of findings in audit steps B.4. and D.3.
5. ***Establishing support obligations.***
   Summary of findings in audit steps B.5. and D.4.
6. ***Enforcement of support obligations.***
   Summary of findings in audit steps B.6. and D.5.
7. ***Child support payments to the IV-D agency.***
   Summary of findings in audit steps B.7. and D.6.
8. ***Distribution of child support payments.***
   Summary of findings in audit steps B.8. and D.7.
9. ***Payments to the family.***
   Summary of findings in audit steps B.9. and D.8.
10. ***Incentive payments.***
    Summary of findings in audit steps B.10. and D.9.
11. ***Individuals not otherwise eligible.***
    Summary of findings in audit steps B.11. and D.10.
12. ***Cooperation with other States.***
    Summary of findings in audit steps B.12. and D.11.
13. ***State parent locator service.***
    Summary of findings in audit steps B.13. and D.12.
14. ***Reports and maintenance of records.***
    Summary of findings in audit steps B.14. and D.13.
15. ***Fiscal policies and accountability.***
    Summary of findings in audit steps B.15. and D.14.
16. ***Safeguarding information.***
    Summary of findings in audit steps B.16. and D.15.
17. ***Notice to child support agency.***
    Summary of findings in audit steps C.1. and D.1.
18. ***Assignment of rights to support.***
    Summary of findings in audit step C.2.

CONCLUSIONS ON THE EFFECTIVENESS OF THE IV-D PROGRAM:

(Summary of the auditor's in-depth conclusions on the effectiveness of the State's IV-D program. This should highlight all major discrepancies which might have been listed in the section above, "Findings in Regard to State's Efforts to Operate an Effective Program.")

RECOMMENDATIONS ON CHANGES WHICH COULD BE MADE TO IMPROVE THE STATE'S IV-D PROGRAM:

DATE OF EXIT CONFERENCE:

KEY PERSONNEL (NAMES AND TITLES) ATTENDING EXIT CONFERENCE:

Exercise 5

Using the "Summary Report Format", prepare a practice draft of a Summary Report including the information required in the format. The Instructor may provide additional pertinent data.

OCSE AUDITOR CHECKLIST

The following checklist may be used by the Auditor when validating State compliance with applicable Audit Criteria. Circle the appropriate code or codes which support your decision about the State's IV-D program and check the appropriate box for each Criterion. The code letters correspond to itemized "secondary objectives" stated for each Criterion.

CRITERION	COMPLIANCE			SUBSTANTIATING CODE
	Full	Partial	Non	
1. Statewide operation	☐	☐	☐	a b c d
2. State financial participation	☐	☐	☐	a b c
3. Single and separate organizational unit	☐	☐	☐	a b c
4. Establishing paternity	☐	☐	☐	a b c d
5. Establishing support obligations	☐	☐	☐	a b c
6. Enforcement of support obligations	☐	☐	☐	a b c d
7. Child support payments to IV-D agency	☐	☐	☐	a b c
8. Distribution of child support payments	☐	☐	☐	a b
9. Payments to the family	☐	☐	☐	a
10. Incentive payments	☐	☐	☐	a b
11. Individuals not otherwise eligible	☐	☐	☐	a b c
12. Cooperation with other States	☐	☐	☐	a b c
13. State parent locator service	☐	☐	☐	a b c d e
14. Cooperative arrangements	No Separate Audit			
15. Reports and maintenance records	☐	☐	☐	a b
16. Fiscal policies and accountability	☐	☐	☐	a b
17. Safeguarding information	☐	☐	☐	a
18. Notice to child support agency	☐	☐	☐	a
19. Assignment of rights to support	☐	☐	☐	a b

Exercise 6
AUDIT STEPS SIMULATIONS

The Auditor will participate in a simulation of the kinds of activities involved in the audit of State IV-D Programs.

Simulation Activity 1

Stage A: Audit Steps to be Done at OCSE Regional Office

Objective: Practice session to demonstrate auditor understanding of Audit Steps in Stage A

Participants: All Auditors (trainees)

Role Assignments: 1) Auditor 2) Regional Representative 3) Recorder

Materials: 1) Manual 2) Sample Worksheets 3) Pencils

Activities:

1) Instructor asks for three volunteers to act out each of the roles listed

2) Instructor gives procedural instructions to the group

   a. Role players find appropriate reference areas in Manual for performing Audit Steps of this Stage

   b. Recorder summarizes performance observations

   c. Group discuss and clarifies results

3) Demonstration

Simulation Activity 2

Stage B: Audit Steps to be Done at State IV-D Agency.

Objective: Practice session to demonstrate Auditor competency in conducting Audit Steps at Stage B

Participants: All Auditors (trainees)

Role Assignments: 1. Nine OCSE Auditors 2. Nine Recorders 3. Nine IV-D representatives

Materials: 1. Manual 2. Assignment Cards (Role and Group) 3. Sample Worksheets 4. Pencils 5. Agency placards

Activities:

1. Auditors randomly select assignment cards when entering session area and keep until time for this practice activity

2. Agency placards are placed in appropriate areas prior to this Simulation Activity (IV-D) (IV-A) (OCSE Regional Office)

3. Role assignment cards are randomly selected immediately prior to this activity (Nine cards for each role will have been assembled)

4. Auditors move to pre-selected numbered groups

5. Instructor gives specific instructions:

   a. Role players take appropriate positions

   b. Each group is alloted 10 minutes per session

   c. Roles and groups change for each 10-minute session

   d. Each group has role performers as follows—three auditors, three recorders, three IV-D representatives

e. Recorders take notes and summarize observations for report to larger group

f. Each group practices six Criteria per session as follows—

SESSION	GROUP	ROLES	AUDIT CRITERIA
1	1	1A	1 - 6
	2	2A	7 - 12
	3	3A	13 - 17
2	1	2B	13 - 17
	2	3B	1 - 6
	3	1B	7 - 12
3	1	3C	7 - 12
	2	1C	13 - 17
	3	2C	1 - 6

6. Directions: Using Manual, checklist and proper reference material, conduct a practice audit
7. Demonstration
8. Group evaluation and clarifications

Goals: Each Auditor should be able to properly conduct an audit using outlined procedures.

UNIT IX

UNIT IX

Methodology for Selection of Audit Subjects

SYNOPSIS

This Unit contains the formula for selecting the political subdivisions to be audited within a State (from two to eight subdivisions for each State), instructions on the performance of statistical random sampling technique which is to be employed in the selection of the political subdivisions and various audit subjects throughout the audit, and it contains Random Sample Tables.

OBJECTIVES

1. The Auditor will demonstrate proficiency in random sampling technique by using the statistical Random Sample Tables.
2. The Auditor will apply the formula for selection of political subdivisions to be audited within a State.
3. The Auditor will identify the number of political subdivisions to be audited within a State of the Region to which he is assigned.

LEARNING PROCEDURE

1. Introduction to Unit.
2. Presentation of materials.
3. The Instructor will explain the use of Random Sample Tables and introduce the Auditor to the instructions beginning on Page 98 (Topic 10).
4. The Instructor will apply the use of the Random Sample Tables in the problem example in the instructions.
5. The Instructor will explain the use of the formula for selecting political subdivisions to be audited, introduce the Auditor to the instructions for applying the formula (Topic 9, Page 95), and introduce the Auditor to NCSS Report A-8 (2/77), *Recipients of Public Assistance Money Payments and Amounts of Such Payments by Program, State and County.*
6. The Auditor will apply the use of the formula in the problem example cited on Page 97. (Exercise 7)
7. The Auditor will review his solution with the Instructor.
8. The Instructor will review the Unit, provide opportunity for questions, and summarize the content.

EVALUATION PROCESS

1. Review of Auditor's solution to problem exercise in use of formula for selecting political subdivisions.
2. Review, questions, clarification, summary.

MATERIALS

	Location:	
1. Topic 9 - Selection Formula.	UNIT IX	Page 95
2. Topic 10 - Instructions for use of Random Sample Tables	UNIT IX	Page 98
3. Random Sample Tables	UNIT IX	Page 99
4. NCSS Report A-8 (excerpt)	Instructor	
5. List of States and the Number of Political Subdivisions to be Audited (Table 7)	UNIT VIII	Page 45
6. Exercise 7	UNIT IX	Page 97

Topic 9
SELECTION FORMULA

As part of the annual audit, OCSE will select from two to eight political subdivisions of the State (depending on the size of the AFDC program in the State) to be audited. Unit VIII contains a list of the States and the number of political subdivisions to be audited. Following is the method for the selection of these political subdivisions.

1. Obtain from the State to be audited a listing of all political subdivisions within a State together with the amount of AFDC payments made within the subdivision.
2. Arrange the political subdivisions by the amount of payments made in descending order from the highest to the lowest.
3. Complete appropriate tasks for States with -

Two Political Subdivisions To Be Audited

1. Divide the list into halves by selecting the midpoint in the list (if there is an odd number of political jurisdictions, the midpoint subdivision should be included with the lower half).
2. Using the random sample and the instructions for use of the table in the next section, select one political subdivision from each half.

Three Political Subdivisions To Be Audited

1. Divide the list into halves by selecting the midpoint in the list (if there are an odd number of subdivisions, the midpoint subdivision should be included with the lower list). The list with the higher amounts should be divided in half once again.
2. Using the random table in Section 2, select one political subdivision from each of the three groups.

Four Political Subdivisions To Be Audited

1. Divide the list into halves by selecting the midpoint in the list (if there are an odd number of subdivisions, the midpoint subdivision should be included with the lower list).
2. Divide the list with the higher amounts in half and then take the list that contains the higher amounts and divide it in half once more.
3. Select one political subdivision from each group.

Five Political Subdivisions To Be Audited

1. Divide the list into halves by selecting the midpoint in the list (if there are an odd number of subdivisions, the midpoint subdivision should be included with the lower list).
2. Divide the list with the higher amounts in half and then take the list which contains the higher amounts and divide it in half once more.
3. Select one political subdivision from each of the top three groups and two from the bottom half.

Six Political Subdivisions To Be Audited

1. Divide the list into halves by selecting the midpoint in the list (if there are an odd number of subdivisions, the midpoint subdivision should be included with the lower list).
2. Divide the list with the higher amounts in half and then take the list that contains the higher amounts and divide it in half once more.
3. Separate the largest (the one having the largest AFDC payments) from the rest of its list.
4. Select the largest political subdivision, two from the lower half of its list, and one from each of the other three groups.

Seven Political Subdivisions To Be Audited

1. Divide the list into halves by selecting the midpoint in the list (if there are an odd number of subdivisions, the midpoint subdivision should be included with the lower list).
2. Divide the list with the higher amounts in half and then take the list from these two that has the higher amounts and divide in half once more.
3. Separate the largest political subdivision from the rest of the list.
4. Select the largest political subdivision, two from the lower half, two from the bottom group of the original top half, and one from each of the other two lists.

Eight Political Subdivisions To Be Audited

1. Divide the list into halves by selecting the midpoint in the list (if there are an odd number of subdivisions, the midpoint subdivision should be included with the lower list).
2. Divide the list with the higher amounts in half and then take the list from these two that contain the higher amount and divide once more.
3. Separate the largest subdivision from the rest of the list.
4. Select the largest political subdivision, two from the lower half, one from the list at the

very top, two from the list next in line from the top, and two from the bottom list from the original top half.

NOTE: In a few cases, the number of political subdivisions to be audited will not coincide with the number in the Unit VIII schedule for various reasons. An example is the District of Columbia where, although the size of the AFDC program warrants the audit of four political subdivisions, in actuality, there is only one political subdivision. When special cases such as this exist, the auditor should contact the Audit Support Branch, Administrative Division, Office of Child Support Enforcement, Washington, D.C.; and discuss a selection of a different sample than that listed.

Exercise 7

Below is an example of a State which has eight political subdivisions to be audited. Follow the example and complete step 6. Prepare a workpaper describing the selection.

The State of Anxiety has $1,820 million in AFDC payments for fiscal year 1975, of this amount $754 million was paid in Headache City. The State has 68 counties of which 4 belong to Headache City. Therefore, there are 65 separate political subdivisions in the State of Anxiety.

1. The Auditor makes a list of the 65 political subdivisions beginning with Headache City.
2. The Auditor divides the list into the 32 largest subdivisions and the 33 smaller subdivisions; depending on amount of AFDC payments.
3. The Auditor divides the list of 32 largest subdivisions into two lists of the 16 largest and the 16 next largest.
4. The Auditor then takes the list of the largest 16 and divides it into two lists of 8. The 8 largest and the second largest 8.
5. The Auditor then separates the largest political subdivision (Headache City) from the list of 8 largest political subdivisions leaving a list of 7.
6. The Auditor then selects - (complete)

Topic 10
INSTRUCTIONS FOR USE OF RANDOM SAMPLE TABLES

Below are listed the steps which the auditors will use in selecting samples to be used in the audit program.

1. Establish the universe that the sample is to be chosen from. The universe must include all activities of a similar nature that occurred during the period under review; for example, all attempts to establish paternity during the period July - September 1977.

2. Enumerate the members of the universe being audited; for example, 25 attempts to establish paternity were made in Prince William County, Virginia, during the period July - September 1977. Each of these attempts should be numbered 1 through 25.

3. Turn to page 1, line 821, column 3 of the attached random sample table (number 82511). If the number of activities in the universe is from -

   - 1 through 99, use the first two digits of the line indicated (82);
   - 100 through 999, use the first three digits of the line indicated (825);
   - 1000 through 9999, use the first four digits of the line indicated (8251);
   - 10000 through 99999, use all five of the digits indicated.

4. Make the random selection reading down column 3 to 850, then proceed to line 801 (column 4 to 850), and then to column 5, etc. After completion of page 1, the auditor should go to page 2, column 1 and continue the selection process. Each number that fits into the universe should be used. For any number which appears twice in the selection process, the second time should be ignored and the auditor should continue with his selection process until the entire number to be selected has been chosen.

Line \ Col.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
801	33993	51249	78123	16507	57399	77922	38190	63494	06276	30782	33119	64943	17239	69020
802	39041	05779	74278	75301	01779	60768	22023	07510	67883	55200	67391	54188	31913	29755
803	56011	26839	36501	03321	43259	73148	43615	45053	91641	77173	50937	48734	85107	41210
804	07397	95853	45764	43803	76659	57736	44801	45685	23714	69657	87971	24757	94493	78723
805	74998	53337	13860	89430	95825	65893	96572	73975	19577	87947	83952	78235	64839	73456
806	59572	95093	69765	43597	90570	60909	06478	77602	30911	08272	81867	57749	02952	51524
807	74645	13940	20640	00127	04261	17650	34050	78788	57968	36169	68302	72544	59553	30258
808	42765	23855	30451	11462	32671	82126	23800	62691	37034	34532	19711	71567	90495	55980
809	66561	56130	30356	54034	53996	98874	78001	29707	91956	72016	56402	69746	41930	33673
810	50670	13172	31460	20224	34293	59458	24410	02366	68886	82798	59673	18370	15577	63871
811	53971	08701	38356	36149	10891	05178	55653	55853	00037	39346	28591	13505	04446	92230
812	47177	03025	37432	94053	87057	61859	97943	82113	68361	12369	54719	58806	59956	12557
813	41494	89270	48063	12263	00383	96010	41457	54688	46801	75955	89242	07537	53186	95083
814	07409	32874	03514	84943	74421	66708	34267	66071	63868	99391	61845	95839	75103	93984
815	03097	12212	43003	46824	14431	15065	10267	60039	69089	38672	70908	17279	08469	28591
816	34722	08896	59205	18004	96431	41366	50982	92400	59369	43605	86404	04176	05106	08346
817	48117	83079	82509	29339	87735	97499	42848	81449	80084	81312	58469	91269	70451	90165
818	14628	89161	66972	19100	40858	91730	83920	35547	32643	15421	61374	52386	33502	72143
819	61512	79376	86184	29415	50716	93393	96280	83277	66210	43374	09107	48013	41848	08813
820	99954	55656	01946	57035	64418	29700	99242	42556	11503	82768	44956	39198	82144	05810
821	61455	20239	82511	11622	60706	18442	36508	99936	29050	57242	33645	54270	21720	87812
822	10398	50259	70191	37585	90373	04651	67804	84062	87180	25486	63271	24529	60070	66939
823	59075	81492	40669	16291	13148	38538	73873	66866	85536	83646	61066	45210	24182	18007
824	91497	76797	82557	55301	61570	69577	23301	31902	09842	73009	69329	41916	41165	34503
825	74619	62316	00041	53053	81252	32739	65201	98155	23793	30912	59105	76944	70998	00317
826	12536	80792	44581	12616	49740	86946	41819	85104	85705	92481	95267	61769	29390	05764
827	10246	49556	07510	59950	34387	70013	64460	96729	43056	24260	23303	19863	43644	76986
828	92506	24397	19145	24185	24479	70118	42708	54312	95989	06402	77608	98356	47034	01635
829	65745	27223	82831	39446	65808	95534	03348	22435	24266	62726	99078	59302	81264	08010
830	01707	04494	48160	50480	74983	63091	81027	72579	67249	48089	34215	71727	96665	94975
831	66959	80109	68908	38759	80716	36340	30082	43295	27551	16531	43903	94975	31049	19033
832	79278	02746	50718	90196	28394	82035	03255	32574	41483	12450	32494	65192	54772	97431
833	11343	38312	41379	22697	71703	78729	65062	57789	79519	41516	46848	37340	34631	58164
834	40415	10593	65932	34930	43977	39262	95848	98627	27401	50226	17322	44024	23133	57699
835	72774	35480	30264	00891	93796	22281	51434	66771	20118	00502	07738	31641	90200	46348
836	75806	86543	47020	14493	20363	64238	16322	45503	90713	35607	43715	85751	15588	80645
837	64620	00834	07967	46076	42907	60969	73093	38586	31035	12226	37746	45009	43271	32015
838	45906	77761	90976	70056	80502	65550	24469	15574	40018	90057	26540	47174	03943	37553
839	77691	00400	64191	11006	39212	86662	99663	58155	66092	96964	61790	11064	49308	94510
840	39178	12034	43379	57590	46307	72206	53283	75882	93451	44830	06300	45406	49567	51673
841	67120	01550	99768	79752	17159	52865	97997	66806	55559	62043	51304	32443	68325	95634
842	86264	85390	93841	63011	64423	50910	38189	68283	66606	26910	52[illegible]	20491	72111	37208
843	70097	59495	45090	74592	47474	56157	88207	47033	66341	36328	70536	91105	12056	36125
844	41688	62790	62296	09312	04150	07616	34572	83202	56691	27[illegible]	37015	11278	49697	65667
845	46618	07354	28714	10244	53214	39660	68753	16825	48639	38428	95166	53649	05071	26894
846	09313	42101	25089	11881	77556	73738	57234	28450	74313	29665	97366	94714	48704	07033
847	38601	25735	04726	36544	67042	93937	68746	62979	57760	28893	75801	08362	71546	17993
848	95307	10011	64810	77026	00011	79218	52123	29641	76145	82364	55774	15462	44555	26844
849	30610	13246	33241	66731	30956	40587	45206	11949	28295	12666	98479	82498	49195	46254
850	74544	72805	62326	65685	37996	00377	59917	91100	07993	15046	51303	19515	25065	56386

Line \ Col.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
851	76385	05431	82252	79850	31192	86315	75612	59985	76421	39300	64976	87951	17855	02220
852	08059	15958	10514	86124	29817	19044	03585	80725	67827	31395	68780	14560	79952	41739
853	30636	03463	50326	69684	38422	59826	47858	90601	50834	88109	45882	15667	06212	19486
854	23794	51463	67574	48953	73512	46839	10953	04682	60850	35048	34705	90502	31011	81004
855	01117	60216	89314	05637	84029	00741	40851	96344	13861	43421	57207	60813	06877	52161
856	89527	19677	01414	35290	70174	37019	80283	62206	98988	63414	03940	08188	80348	13183
857	64456	24229	17970	92022	64164	17873	41189	20240	60697	26495	87634	75099	09741	84939
858	92331	30325	61918	71623	38040	52375	91127	93903	83765	93544	04366	57679	70889	90088
859	93454	37190	23790	40058	03758	01774	90696	81674	53791	18555	46798	46898	57960	06575
860	17101	42181	45798	68748	84190	16539	32330	81732	65847	94386	30051	36108	16327	17886
861	30742	93358	95730	57535	34404	76057	21385	87826	93090	94861	83865	81393	89648	00773
862	02472	01480	67106	47893	93551	76697	56598	67988	77376	33318	18093	69370	59118	98277
863	80718	72187	67178	77179	06212	37409	48788	68930	81674	88703	59304	85369	19410	93050
864	85406	73667	02116	57637	94701	46754	54019	96344	93343	47764	57490	21321	29075	40086
865	00803	67156	88141	13491	92598	35746	74117	37693	72780	78871	75915	85978	58615	71755
866	89190	58965	55213	24337	58807	36183	09235	95541	96979	03336	34360	66288	98659	46578
867	01456	81590	83758	45361	76209	85081	34765	66483	04408	73827	78499	02765	46174	83192
868	79127	53288	50510	80129	23940	78423	31988	78671	79458	95043	83497	97588	21631	63898
869	33958	92823	32640	94420	51193	69652	04332	61675	64644	68673	33718	02256	34414	87710
870	57146	14126	71734	86942	83371	31526	13444	11918	03152	66411	42683	08437	35667	26251
871	33158	61761	73207	01764	81696	55137	41834	81460	81320	14711	36599	78042	69086	41752
872	63615	69063	00118	47991	99521	88655	94451	67445	99377	75528	40794	30140	82298	85888
873	69010	46935	70186	55657	76985	25430	91951	86473	34285	68103	85353	89595	04718	80102
874	32547	45398	30909	62899	53105	27460	56734	41954	47696	88113	30508	88941	49883	36899
875	61992	28258	27359	61002	16882	44018	85376	66756	14395	66865	67036	78374	43618	44134
876	78326	74541	22158	48360	45919	76160	10974	03127	58980	18350	22089	54977	94019	84739
877	35493	53008	78622	38329	27611	12327	58541	00861	62360	65890	79729	99710	64636	43706
878	19130	59917	28850	76593	02369	80754	18401	02724	57578	35705	89265	25033	13767	95888
879	00317	05769	03497	42174	32653	23663	29569	36342	85908	29578	60063	41170	59957	14755
880	84122	36454	70776	17000	83017	07027	98058	41274	22476	27436	30798	62287	21235	00549
881	76320	33120	91585	39640	23470	86000	60204	23980	17605	53197	35128	76383	02848	61680
882	09234	36233	94404	42812	39210	85967	18232	38195	16649	96739	64610	96067	89561	13772
883	16206	70598	95378	70573	42636	53862	81324	65439	26858	07619	59608	61460	00581	43826
884	94071	51662	67084	73911	08708	66207	89261	73451	81146	77733	70162	42449	44758	56401
885	97545	87732	83798	38087	90239	80044	64677	47918	88144	85918	83506	05816	87549	74831
886	53253	56120	42720	85660	36921	30891	46042	80370	97880	62507	01818	19208	25323	81363
887	66817	18439	53188	35155	24309	88264	74644	85454	19606	61460	56684	36568	68108	45653
888	28077	26409	11443	22800	23189	32407	52401	70416	63693	38633	77734	86835	89829	81383
889	18989	00291	13701	12401	26466	67700	55805	63818	16067	95185	97241	66146	16774	39342
890	10598	64974	66296	33389	30860	73380	94905	04959	80213	14828	97248	94886	64278	37466
891	18656	81152	45498	14408	92435	67664	86229	74358	76537	87066	42893	91743	49462	48808
892	79044	10440	25777	05486	85859	22153	80080	04351	19530	49941	29181	34667	88910	70927
893	74042	20365	42672	34850	60670	56940	88333	75288	64996	26913	68379	55068	91239	85752
894	87249	06640	09090	03242	68467	85678	23411	53443	19526	03206	29861	36061	34325	03761
895	82839	52537	00518	60559	43669	44297	75071	17146	35492	60718	38106	06409	75857	66013
896	07749	62249	01611	43795	17139	44447	95197	25088	88180	64487	11578	77580	26460	85008
897	37171	34598	87234	28324	85927	23465	80833	62872	40026	30066	64888	33605	24848	30881
898	55432	45030	85336	49128	40487	43959	25879	60415	86744	38584	53543	17333	47300	13434
899	43658	35437	83506	11209	24770	87123	21496	85056	56630	75019	86005	90077	60380	09261
900	59536	79475	04874	50831	16996	04750	02246	08846	88410	50997	42884	58547	08168	16479

Line \ Col.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
901	77583	63193	14378	66314	92154	31173	75223	92947	81041	91385	89091	83989	34982	66565
902	41435	82033	40363	74800	79198	03991	01635	43666	02630	46039	53273	86262	91450	79883
903	17163	74517	11281	83105	16146	27577	33565	39621	27321	06387	51938	37591	54290	54527
904	47909	53647	99896	13016	53708	18549	75241	22318	53261	80185	69898	12646	64464	98505
905	88024	64045	70954	56434	73860	60310	29601	52204	93295	05735	15486	39857	83504	59887
906	51540	26148	65528	66246	74154	47256	65546	75309	90415	17346	20555	29568	30124	11974
907	29128	04072	85663	33914	63587	20151	36720	25627	13447	17082	74817	92623	81519	65724
908	34873	53537	85834	11394	44098	92403	01979	22705	94354	33871	44579	40756	70108	30514
909	26138	07856	14223	02824	66094	88093	35794	69015	67498	97087	25936	52439	07473	74585
910	26892	74387	97124	32851	83465	81300	58546	12579	43451	48061	79351	50231	11824	77723
911	73488	32215	29894	87362	47818	52494	87684	83573	91237	03585	13266	63905	94600	43823
912	45678	13831	93961	93558	34050	42936	00860	66594	36783	56939	47057	55257	16555	65642
913	71687	79185	46096	82818	19051	39123	08793	18798	79528	05621	12131	88365	51154	46175
914	11833	28572	61695	36928	50851	98599	74466	73848	76675	68072	50077	27709	60895	55306
915	90529	59895	58565	87955	75623	55721	43773	98277	38842	05069	31590	31482	38040	71541
916	31697	92763	05134	45963	15728	39771	54430	76890	52975	52037	06071	14710	84160	05126
917	47212	92010	40601	23364	72705	15989	02965	76394	53956	48542	35568	04897	20287	84478
918	56686	61285	36139	18867	12877	89109	48963	58436	18825	47664	74509	53250	61778	43202
919	80660	06740	74638	82054	53083	82790	82404	85132	17634	38664	96876	54191	61412	08062
920	16821	64195	64869	62835	41829	93374	74377	17728	84164	32762	18275	91465	96278	97721
921	30608	94750	38092	42230	85443	34743	00348	36016	74853	00499	03387	07739	96416	28578
922	83211	45796	33370	31291	76074	40065	50006	74244	44355	96978	79518	51941	26627	39503
923	51774	53905	66945	65882	70352	38447	50861	25003	88424	98825	47209	16339	48104	80130
924	89095	90943	76279	78323	37210	77141	50300	95786	00463	82949	58660	93650	41134	43309
925	54047	41638	45686	98549	20648	89365	10934	10799	37862	71684	98288	94592	70961	51028
926	81549	98773	68979	28308	53686	57192	65423	47225	27490	78045	57512	11431	50502	11301
927	72335	08233	56777	99790	57340	54203	12334	16800	91872	82213	79086	33896	31707	48739
928	02540	14032	90858	26020	28174	91563	65006	14401	58189	32658	13812	72382	19169	24151
929	09226	10658	79614	84200	53035	16839	83058	55540	32716	03834	05299	58331	90479	34808
930	18050	79976	70461	19890	08814	77015	86657	29965	21658	72049	74959	95217	71503	74950
931	44378	42627	16636	69923	89122	92792	95380	20397	06649	02752	46279	99681	65154	56400
932	92101	13475	15373	83642	77424	26662	58069	86649	38783	30050	20087	26681	05859	41218
933	87926	69613	88880	95537	08518	66627	61173	27188	85705	29607	24361	83286	00052	41181
934	06900	75228	25365	63569	03483	90973	86578	53485	23353	18345	24553	43494	84651	48483
935	08717	31244	66529	97336	17309	32629	34184	47240	07490	86150	78423	82309	01762	33463
936	79966	08658	18018	59422	86278	69447	45731	19344	49685	98836	60929	09665	50176	98674
937	85668	03060	61274	14080	16594	72642	59596	70634	58195	78404	80798	60696	00686	75874
938	29530	85436	54205	01781	88806	88369	69095	26494	77711	62699	92045	74777	97537	69768
939	69284	91023	11744	13051	69350	55403	75969	64260	42303	54467	61374	82426	70628	96732
940	41503	48684	36468	06885	80219	76395	85109	67786	71079	04047	38580	31878	00118	84181
941	47063	45606	78929	82808	67899	16936	94990	90513	44712	51443	78685	61446	11529	64531
942	90503	44995	83753	68368	99077	14510	95018	53155	71938	99420	15408	44461	27981	90368
943	08367	68828	88856	56300	26969	16987	20563	11277	42307	32736	99532	65361	64300	76678
944	05207	94071	56234	12584	91319	90050	20768	27895	83856	69778	39189	68796	17739	30795
945	15446	53683	98878	02508	48973	00564	70605	98775	34093	00317	34349	79168	87667	98240
946	99603	19507	68314	12534	57700	39940	96194	11150	67565	95582	47540	91542	35023	35235
947	82736	08198	84608	18518	42010	69026	15920	14305	46477	35022	30006	36516	48513	09493
948	04985	66489	08883	69176	96718	85057	80789	87303	84848	46378	98999	26747	77435	49786
949	46693	63679	55426	75873	81338	78842	14907	30788	79299	34428	88080	39986	35155	55514
950	83766	44816	30176	02784	46111	89090	99467	74857	98806	10498	63128	99067	34489	38313

UNIT X

UNIT X

Audit Principles and Practices

SYNOPSIS

This Unit will address the body of audit standards applicable to all government organizations, programs, activities and functions which relate to the scope and quality of audit effort. The auditor should be able to use the General Accounting Office standards handbook effectively as a general guide in performance of auditing functions. The standards provide for a scope of audit which includes not only financial and compliance auditing, but also economy, efficiency and program outcomes.

OBJECTIVES

1. The Auditor will be able to define the three elements of professional auditing.
2. The Auditor will be able to apply the principles of effective auditing and perform appropriate procedures for accomplishing that goal.
3. The Auditor will be able to demonstrate competency in preparing audit reports.

LEARNING PROCEDURE

1. Introduction to the Unit.
2. Presentation of Unit Materials.
3. The Instructor will discuss:
   a. General Audit Standards.
   b. Standards of Examination and Evaluation.
   c. Reporting Standards.
4. The Auditor will survey the GAO audit standards handbook entitled "Standards for Audit of Governmental Organizations, Programs, Activities and Functions."
5. The Auditor will participate in a group discussion on the following topic:

   "The Necessity and Significance of Maintaining Standards of Professional Conduct in Auditing

6. The Auditor will demonstrate his knowledge of GAO auditing standards by selecting one of the three classifications of standards and preparing a brief summary of the principles involved. (Optional. Exercise 8, Page 103).
7. The Instructor will review the Unit, entertain questions from the Auditor, and summarize the Unit content.

EVALUATION PROCESS

1. Preparation of a written summary on auditing standards.
2. Review, questions, clarifications, summary.

MATERIALS	Location:
1. "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions." (General Accounting Office standards handbook).	Instructor
2. Exercise 8	UNIT X Page 103

Exercise 8
(Optional)

Demonstrate knowledge of GAO auditing standards by selecting one of the three classifications of standards and preparing a brief summary of the principals involved (Optional. Exercise 8, Page 103).

APPENDIX

Public Law 93-647
93rd Congress, H. R. 17045
January 4, 1975

An Act

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To amend the Social Security Act to establish a consolidated program of Federal financial assistance to encourage provision of services by the States.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Social Services Amendments of 1974".

Social Services Amendments of 1974.
42 USC 1397 note.
42 USC 301.

PART B—CHILD SUPPORT PROGRAMS

CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

In General

SEC. 101. (a) Title IV of the Social Security Act is amended by adding after part C the following new part:

"PART D—CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

"APPROPRIATION

42 USC 651. "SEC. 451. For the purpose of enforcing the support obligations owed by absent parents to their children, locating absent parents, establishing paternity, and obtaining child support, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this part.

"DUTIES OF THE SECRETARY

42 USC 652. "SEC. 452. (a) The Secretary shall establish, within the Department of Health, Education, and Welfare a separate organizational unit, under the direction of a designee of the Secretary, who shall report directly to the Secretary and who shall—

"(1) establish such standards for State programs for locating absent parents, establishing paternity, and obtaining child support as he determines to be necessary to assure that such programs will be effective;

"(2) establish minimum organizational and staffing requirements for State units engaged in carrying out such programs under plans approved under this part;

"(3) review and approve State plans for such programs;

"(4) evaluate the implementation of State programs established pursuant to such plan, conduct such audits of State programs established under the plan approved under this part as may be necessary to assure their conformity with the requirements of this part, and, not less often than annually, conduct a complete audit of the programs established under such plan in each State and determine for the purposes of the penalty provision of section 403(h) whether the actual operation of such programs in each State conforms to the requirements of this part; Annual audit.

"(5) assist States in establishing adequate reporting procedures and maintain records of the operations of programs established pursuant to this part in each State;

"(6) maintain records of all amounts collected and disbursed under programs established pursuant to the provisions of this part and of the costs incurred in collecting such amounts;

"(7) provide technical assistance to the States to help them establish effective systems for collecting child support and establishing paternity; Technical assistance.

"(8) receive applications from States for permission to utilize the courts of the United States to enforce court orders for support against absent parents and, upon a finding that (A) another State has not undertaken to enforce the court order of the originating State against the absent parent within a reasonable time, and (B) that utilization of the Federal courts is the only reasonable method of enforcing such order, approve such applications;

"(9) operate the Parent Locator Service established by section 453; and Post, p. 2353.

"(10) not later than June 30 of each year beginning after December 31, 1975, submit to the Congress a report on all activities undertaken pursuant to the provisions of this part. Report to Congress.

"(b) The Secretary shall, upon the request of any State having in effect a State plan approved under this part, certify the amount of any child support obligation assigned to such State to the Secretary of the Treasury for collection pursuant to the provisions of section 6305 of the Internal Revenue Code of 1954. No amount may be certified for collection under this subsection except the amount of the delinquency under a court order for support and upon a showing by the State that such State has made diligent and reasonable efforts to collect such amounts utilizing its own collection mechanisms, and upon an agreement that the State will reimburse the United States for any costs involved in making the collection. The Secretary after consultation with the Secretary of the Treasury may, by regulation, establish criteria for accepting amounts for collection and for making certification under this subsection including imposing such limitations on the frequency of making such certifications under this subsection. Post, p. 2358.

"(c)(1) There is hereby established in the Treasury a revolving fund which shall be available to the Secretary without fiscal year limitation, to enable him to pay to the States for distribution in accordance with the provisions of section 457 such amounts as may be collected and paid (subject to paragraph (2)) into such fund under section 6305 of the Internal Revenue Code of 1954. Revolving fund, establishment. Post, p. 2356.

"(2) There is hereby appropriated to the fund, out of any moneys in the Treasury not otherwise appropriated, amounts equal to the amounts collected under section 6305 of the Internal Revenue Code of 1954, reduced by the amounts credited or refunded as overpayments of the amounts so collected. The amounts appropriated by the preceding section shall be transferred at least quarterly from the general fund of the Treasury to the fund on the basis of estimates made by

the Secretary of the Treasury. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

"PARENT LOCATOR SERVICE

Establishment. 42 USC 653.

"SEC. 453. (a) The Secretary shall establish and conduct a Parent Locator Service, under the direction of the designee of the Secretary referred to in section 452(a), which shall be used to obtain and transmit to any authorized person (as defined in subsection (c)) information as to the whereabouts of any absent parent when such information is to be used to locate such parent for the purpose of enforcing support obligations against such parent.

"(b) Upon request, filed in accordance with subsection (d) of any authorized person (as defined in subsection (c)) for the most recent address and place of employment of any absent parent, the Secretary shall, notwithstanding any other provision of law, provide through the Parent Locator Service such information to such person, if such information—

"(1) is contained in any files or records maintained by the Secretary or by the Department of Health, Education, and Welfare; or

"(2) is not contained in such files or records, but can be obtained by the Secretary, under the authority conferred by subsection (c), from any other department, agency, or instrumentality, or the United States or of any State.

Information disclosure, prohibited.

No information shall be disclosed to any person if the disclosure of such information would contravene the national policy or security interests of the United States or the confidentiality of census data. The Secretary shall give priority to requests made by any authorized person described in subsection (c)(1).

"Authorized person."

"(c) As used in subsection (a), the term 'authorized person' means—

"(1) any agent or attorney of any State having in effect a plan approved under this part, who has the duty or authority under such plans to seek to recover any amounts owed as child support (including, when authorized under the State plan, any official of a political subdivision);

"(2) the court which has authority to issue an order against an absent parent for the support and maintenance of a child, or any agent of such court; and

"(3) the resident parent, legal guardian, attorney, or agent of a child (other than a child receiving aid under part A of this title) (as determined by regulations prescribed by the Secretary) without regard to the existence of a court order against an absent parent who has a duty to support and maintain any such child.

"(d) A request for information under this section shall be filed in such manner and form as the Secretary shall by regulation prescribe and shall be accompanied or supported by such documents as the Secretary may determine to be necessary.

"(e)(1) Whenever the Secretary receives a request submitted under subsection (b) which he is reasonably satisfied meets the criteria established by subsections (a), (b), and (c), he shall promptly undertake to provide the information requested from the files and records maintained by any of the departments, agencies, or instrumentalities of the United States or of any State.

"(2) Notwithstanding any other provision of law, whenever the individual who is the head of any department, agency, or instrumentality of the United States receives a request from the Secretary for information authorized to be provided by the Secretary under

this section, such individual shall promptly cause a search to be made of the files and records maintained by such department, agency, or instrumentality with a view to determining whether the information requested is contained in any such files or records. If such search discloses the information requested, such individual shall immediately transmit such information to the Secretary, except that if any information is obtained the disclosure of which would contravene national policy or security interests of the United States or the confidentiality of census data, such information shall not be transmitted and such individual shall immediately notify the Secretary. If such search fails to disclose the information requested, such individual shall immediately so notify the Secretary. The costs incurred by any such department, agency, or instrumentality of the United States or of any State in providing such information to the Secretary shall be reimbursed by him. Whenever such services are furnished to an individual specified in subsection (c)(3), a fee shall be charged such individual. The fee so charged shall be used to reimburse the Secretary or his delegate for the expense of providing such services. Fees.

"(f) The Secretary, in carrying out his duties and functions under this section, shall enter into arrangements with State agencies administering State plans approved under this part for such State agencies to accept from resident parents, legal guardians, or agents of a child described in subsection (c)(3) and, after determining that the absent parent cannot be located through the procedures under the control of such State agencies, to transmit to the Secretary requests for information with regard to the whereabouts of absent parents and otherwise to cooperate with the Secretary in carrying out the purposes of this section.

"STATE PLAN FOR CHILD SUPPORT

"SEC. 454. A State plan for child support must— Provisions. 42 USC 654.

"(1) provide that it shall be in effect in all political subdivisions of the State;

"(2) provide for financial participation by the State;

"(3) provide for the establishment or designation of a single and separate organizational unit, which meets such staffing and organizational requirements as the Secretary may by regulation prescribe, within the State to administer the plan;

"(4) provide that such State will undertake—

"(A) in the case of a child born out of wedlock with respect to whom an assignment under section 402(a)(26) of this title is effective, to establish the paternity of such child, and 42 USC 602.

"(B) in the case of any child with respect to whom such assignment is effective, to secure support for such child from his parent (or from any other person legally liable for such support), utilizing any reciprocal arrangements adopted with other States, except that when such arrangements and other means have proven ineffective, the State may utilize the Federal courts to obtain or enforce court orders for support;

"(5) provide that, in any case in which child support payments are collected for a child with respect to whom an assignment under section 402(a)(26) is effective, such payments shall be made to the State for distribution pursuant to section 457 and shall not be paid directly to the family except that this paragraph shall not apply to such payments (except as provided in section 457(c)) for any month in which the amount collected is sufficient to make such family ineligible for assistance under the State plan approved under part A; Post, p. 2356.

"(6) provide that (A) the child support collection or paternity determination services established under the plan shall be made available to any individual not otherwise eligible for such services upon application filed by such individual with the State, (B) an application fee for furnishing such services may be imposed, except that the amount of any such application fee shall be reasonable, as determined under regulations of the Secretary, and (C) any costs in excess of the fee so imposed may be collected from such individual by deducting such costs from the amount of any recovery made;

Application fee.

"(7) provide for entering into cooperative arrangements with appropriate courts and law enforcement officials (A) to assist the agency administering the plan, including the entering into of financial arrangements with such courts and officials in order to assure optimum results under such program, and (B) with respect to any other matters of common concern to such courts or officials and the agency administering the plan;

"(8) provide that the agency administering the plan will establish a service to locate absent parents utilizing—

"(A) all sources of information and available records, and

"(B) the Parent Locator Service in the Department of Health, Education, and Welfare;

"(9) provide that the State will, in accordance with standards prescribed by the Secretary, cooperate with any other State—

"(A) in establishing paternity, if necessary,

"(B) in locating an absent parent residing in the State (whether or not permanently) against whom any action is being taken under a program established under a plan approved under this part in another State,

"(C) in securing compliance by an absent parent residing in such State (whether or not permanently) with an order issued by a court of competent jurisdiction against such parent for the support and maintenance of a child or children of such parent with respect to whom aid is being provided under the plan of such other State, and

"(D) in carrying out other functions required under a plan approved under this part;

"(10) provide that the State will maintain a full record of collections and disbursements made under the plan and have an adequate reporting system;

"(11) provide that amounts collected as child support shall be distributed as provided in section 457;

Post, p. 2356.

"(12) provide that any payment required to be made under section 456 or 457 to a family shall be made to the resident parent, legal guardian, or caretaker relative having custody of or responsibility for the child or children; and

"(13) provide that the State will comply with such other requirements and standards as the Secretary determines to be necessary to the establishment of an effective program for locating absent parents, establishing paternity, obtaining support orders, and collecting support payments.

"PAYMENTS TO STATES

42 USC 655.

"SEC. 455. From the sums appropriated therefor, the Secretary shall pay to each State for each quarter, beginning with the quarter commencing July 1, 1975, an amount equal to 75 percent of the total amounts expended by such State during such quarter for the operation of the plan approved under section 454 except that no amount shall be

Ante, p. 2354.

paid to any State on account of furnishing collection services (other than parent locator services) to individuals under section 454(6) during any period beginning after June 30, 1976.

"SUPPORT OBLIGATIONS

"SEC. 456. (a) The support rights assigned to the State under section 402(a)(26) shall constitute an obligation owed to such State by the individual responsible for providing such support. Such obligation shall be deemed for collection purposes to be collectible under all applicable State and local processes. 42 USC 656. 42 USC 602.

"(1) The amount of such obligation shall be—

"(A) the amount specified in a court order which covers the assigned support rights, or

"(B) if there is no court order, an amount determined by the State in accordance with a formula approved by the Secretary, and

"(2) Any amounts collected from an absent parent under the plan shall reduce, dollar for dollar, the amount of his obligation under paragraphs (1) (A) and (B).

"(b) A debt which is a child support obligation assigned to a State under section 402(a)(26) is not released by a discharge in bankruptcy under the Bankruptcy Act. 11 USC 1 note.

"DISTRIBUTION OF PROCEEDS

"SEC. 457. (a) The amounts collected as child support by a State pursuant to a plan approved under this part during the 15 months beginning July 1, 1975, shall be distributed as follows: 42 USC 657.

"(1) 40 per centum of the first $50 of such amounts as are collected periodically which represent monthly support payments shall be paid to the family without any decrease in the amount paid as assistance to such family during such month;

"(2) such amounts as are collected periodically which are in excess of any amount paid to the family under paragraph (1) which represent monthly support payments shall be retained by the State to reimburse it for assistance payments to the family during such period (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing);

"(3) such amounts as are in excess of amounts retained by the State under paragraph (2) and are not in excess of the amount required to be paid during such period to the family by a court order shall be paid to the family; and

"(4) such amounts as are in excess of amounts required to be distributed under paragraphs (1), (2), and (3) shall be (A) retained by the State (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing) as reimbursement for any past assistance payments made to the family for which the State has not been reimbursed or (B) if no assistance payments have been made by the State which have not been repaid, such amounts shall be paid to the family.

"(b) The amounts collected as child support by a State pursuant to a plan approved under this part during any fiscal year beginning after September 30, 1976, shall be distributed as follows:

"(1) such amounts as are collected periodically which represent monthly support payments shall be retained by the State to reimburse it for assistance payments to the family during such period

(with appropriate reimbursement of the Federal Government to the extent of its participation in the financing);

"(2) such amounts as are in excess of amounts retained by the State under paragraph (1) and are not in excess of the amount required to be paid during such period to the family by a court order shall be paid to the family; and

"(3) such amounts as are in excess of amounts required to be distributed under paragraphs (1) and (2) shall be (A) retained by the State (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing) as reimbursement for any past assistance payments made to the family for which the State has not been reimbursed or (B) if no assistance payments have been made by the State which have not been repaid, such amounts shall be paid to the family.

"(c) Whenever a family for whom child support payments have been collected and distributed under the plan ceases to receive assistance under part A of this title, the State may—

"(1) continue to collect such support payments from the absent parent for a period of not to exceed three months from the month following the month in which such family ceased to receive assistance under part A of this title, and pay all amounts so collected to the family; and

"(2) at the end of such three-month period, if the State is authorized to do so by the individual on whose behalf the collection will be made, continue to collect such support payments from the absent parent and pay the net amount of any amount so collected to the family after deducting any costs incurred in making the collection from the amount of any recovery made.

"INCENTIVE PAYMENT TO LOCALITIES

42 USC 658. "SEC. 458. (a) When a political subdivision of a State makes, for the State of which it is a political subdivision, or one State makes, for another State, the enforcement and collection of the support rights
42 USC 602. assigned under section 402(a)(26) (either within or outside of such State), there shall be paid to such political subdivision or such other State from amounts which would otherwise represent the Federal share of assistance to the family of the absent parent—

"(1) an amount equal to 25 per centum of any amount collected (and required to be distributed as provided in section 457 to reduce or repay assistance payments) which is attributable to the support obligation owed for 12 months; and

"(2) an amount equal to 10 per centum of any amount collected (and required to be distributed as provided in section 457 to reduce or repay assistance payments) which is attributable to the support obligation owed for any month after the first twelve months for which such collections are made.

"(b) Where more than one jurisdiction is involved in such enforcement or collection, the amount of the incentive payment determined under paragraphs (1) and (2) of subsection (a) shall be allocated among the jurisdictions in a manner to be prescribed by the Secretary.

"CONSENT BY THE UNITED STATES TO GARNISHMENT AND SIMILAR PROCEEDINGS FOR ENFORCEMENT OF CHILD SUPPORT AND ALIMONY OBLIGATIONS

42 USC 659. "SEC. 459. Notwithstanding any other provision of law, effective January 1, 1975, moneys (the entitlement to which is based upon remuneration for employment) due from, or payable by, the United States (including any agency or instrumentality thereof and any

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wholly owned Federal corporation) to any individual, including members of the armed services, shall be subject, in like manner and to the same extent as if the United States were a private person, to legal process brought for the enforcement, against such individual of his legal obligations to provide child support or make alimony payments.

"CIVIL ACTIONS TO ENFORCE CHILD SUPPORT OBLIGATIONS

"SEC. 460. The district courts of the United States shall have jurisdiction, without regard to any amount in controversy, to hear and determine any civil action certified by the Secretary of Health, Education, and Welfare under section 452(a)(8) of this Act. A civil action under this section may be brought in any judicial district in which the claim arose, the plaintiff resides, or the defendant resides." 42 USC 660. Ante, p. 2351.

Collection of Child Support Obligations

(b)(1) Subchapter A of chapter 64 of the Internal Revenue Code of 1954 (relating to collection of taxes) is amended by adding at the end thereof the following new section:

"SEC. 6305. COLLECTION OF CERTAIN LIABILITY. 26 USC 6305.

"(a) IN GENERAL.—Upon receiving a certification from the Secretary of Health, Education, and Welfare, under section 452(b) of the Social Security Act with respect to any individual, the Secretary or his delegate shall assess and collect the amount certified by the Secretary of Health, Education, and Welfare, in the same manner, with the same powers, and (except as provided in this section) subject to the same limitations as if such amount were a tax imposed by subtitle C the collection of which would be jeopardized by delay, except that—

"(1) no interest or penalties shall be assessed or collected,

"(2) for such purposes, paragraphs (1), (6), and (8) of section 6334(a) (relating to property exempt from levy) shall not apply, 26 USC 6334.

"(3) there shall be exempt from levy so much of the salary, wages, or other income of an individual as is being withheld therefrom in garnishment pursuant to a judgment entered by a court of competent jurisdiction for the support of his minor children, and

"(4) in the case of the first assessment against an individual for delinquency under a court order against such individual for a particular person or persons, the collection shall be stayed for a period of 60 days immediately following notice and demand as described in section 6303. 26 USC 6303.

"(b) REVIEW OF ASSESSMENTS AND COLLECTIONS.— No court of the United States, whether established under article I or article III of the Constitution, shall have jurisdiction of any action, whether legal or equitable, brought to restrain or review the assessment and collection of amounts by the Secretary or his delegate under subsection (a), nor shall any such assessment and collection be subject to review by the Secretary or his delegate in any proceeding. This subsection does not preclude any legal, equitable, or administrative action against the State by an individual in any State court or before any State agency to determine his liability for any amount assessed against him and collected, or to recover any such amount collected from him, under this section.". USC prec. title 1.

(2) The table of sections for such subchapter is amended by adding at the end thereof the following new item:

"Sec. 6305. Collection of certain liability.

Amendments to Part A of Title IV

42 USC 602 note.

(c)(1) Notwithstanding the provisions of section 402(a) of the Social Security Act, in addition to the amounts required to be disregarded under clause (8)(A) of such section, there is imposed the requirement (and the State plan shall be deemed to include the requirement) that for the 15 months beginning July 1, 1975, in making the determination under clause (7), the State agency shall with respect to any month in such year and in addition to the amounts required to be disregarded under clause (8)(A), disregard amounts payable under section 457(a)(1).

42 USC 602.

(2) Section 402(a)(9) is amended to read as follows:

"(9) provide safeguards which permit the use or disclosure of information concerning applicants or recipients only to (A) public officials who require such information in connection with their official duties, or (B) other persons for purposes directly connected with the administration of aid to families with dependent children;".

(3) Section 402(a)(10) is amended by inserting immediately before "be furnished" the following: ", subject to paragraphs (25) and (26),".

(4) Section 402(a)(11) is amended to read as follows:

"(11) provide for prompt notice (including the transmittal of all relevant information) to the State child support collection agency (established pursuant to part D of this title) of the furnishing of aid to families with dependent children with respect to a child who has been deserted or abandoned by a parent (including a child born out of wedlock without regard to whether the paternity of such child has been established);".

(5) Section 402(a) is further amended—

(A) by striking out "and" at the end of paragraph (23);

(B) by inserting immediately before the first word in paragraph (24) the following: "provide that"; and

(C) by striking out the period at the end of paragraph (24) and inserting in lieu thereof a semicolon and the following:

"(25) provide (A) that, as a condition of eligibility under the plan, each applicant for or recipient of aid shall furnish to the State agency his social security account number (or numbers, if he has more than one such number), and (B) that such State agency shall utilize such account numbers, in addition to any other means of identification it may determine to employ in the administration of such plan;

"(26) provide that, as a condition of eligibility for aid, each applicant or recipient will be required—

"(A) to assign the State any rights to support from any other person such applicant may have (i) in his own behalf or in behalf of any other family member for whom the applicant is applying for or receiving aid, and (ii) which have accrued at the time such assignment is executed,

"(B) to cooperate with the State (i) in establishing the paternity of a child born out of wedlock with respect to whom aid is claimed, and (ii) in obtaining support payments for such applicant and for a child with respect to whom such aid is claimed, or in obtaining any other payments or property due such applicant or such child and that, if the relative with whom a child is living is found to be ineligible because of failure to comply with the requirements of subparagraphs (A) and (B) of this paragraph, any aid for which such child

is eligible will be provided in the form of protective payments as described in section 406(b)(2) (without regard to subparagraphs (A) through (E) of such section); and 42 USC 606.

"(27) provide, that the States have in effect a plan approved under part D and operate a child support program in conformity with such plan.".

(6)(A) Section 403 of the Social Security Act is amended by adding at the end thereof the following new subsection: 42 USC 603.

"(h) Notwithstanding any other provision of this Act, the amount payable to any State under this part for quarters in a fiscal year shall with respect to quarters beginning after December 31, 1976, be reduced by 5 per centum of such amount if such State is found by the Secretary as the result of the annual audit to have failed to have an effective program meeting the requirements of section 402(a)(27) in any fiscal year beginning after September 30, 1976 (but, in the case of the fiscal year beginning October 1, 1976, only considering the second, third, and fourth quarters thereof).". 42 USC 602.

(B) Section 404 of such Act is amended by adding at the end thereof the following new subsections: 42 USC 604.

"(c) No State shall be found, prior to January 1, 1977, to have failed substantially to comply with the requirements of section 402(a)(27) if, in the judgment of the Secretary, such State is making a good faith effort to implement the program required by such section.

"(d) After December 31, 1976, in the case of any State which is found to have failed substantially to comply with the requirements of section 402(a)(27), the reduction in any amount payable to such State required to be imposed under section 403(h) shall be imposed in lieu of any reduction, with respect to such failure, which would otherwise be required to be imposed under this section."

(7) Section 406 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(f) Notwithstanding the provisions of subsection (b), the term 'aid to families with dependent children' does not mean payments with respect to a parent (or other individual whose needs such State determines should be considered in determining the need of the child or relative claiming aid under the plan of such State approved under this part) of a child who fails to cooperate with any agency or official of the State in obtaining such support payments for such child. Nothing in this subsection shall be construed to make an otherwise eligible child ineligible for protective payments because of the failure of such parent (or such other individual) to so cooperate.".

(8) Section 402(a), (17), (18), (21), and (22), and section 410 of such Act are repealed. Repeal. 42 USC 602, 610.

Conforming Amendments to Title XI

(d) Section 1106 of such Act is amended— 42 USC 1306.

(1) by striking out the period at the end of the first sentence of subsection (a) and inserting in lieu thereof the following: "and except as provided in part D of title IV of this Act."; Ante, p. 2351.

(2) by adding at the end of subsection (b) the following new sentence: "Notwithstanding the preceding provisions of this subsection, requests for information made pursuant to the provisions of part D of title IV of this Act for the purpose of using Federal records for locating parents shall be complied with and the cost incurred in providing such information shall be paid for as provided in such part D of title IV."; and

(3) by striking out subsection (c).

Authorization of Appropriations

42 USC 651 note.

(e) There are authorized to be appropriated to the Secretary of Health, Education, and Welfare such sums as may be necessary to plan and prepare for the implementation of the program established by this section.

Effective Date

42 USC 651 note. Ante, p. 2357.

(f) The amendments made by this section shall become effective on July 1, 1975, except that section 459 of the Social Security Act, as added by subsection (a) of this section shall become effective on January 1, 1975, and subsection (e) of this section shall become effective upon the date of enactment of this Act.

Approved January 4, 1975.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 93-1490 (Comm. on Ways and Means) and
No. 93-1643 (Comm. of Conference).
SENATE REPORT No. 93-1356 (Comm. on Finance).
CONGRESSIONAL RECORD, Vol. 120 (1974):
Dec. 9, considered and passed House.
Dec. 17, considered and passed Senate, amended.
Dec. 20, House and Senate agreed on conference report.
WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 11, No. 2:
Jan. 4, Presidential statement.

TITLE II—AMENDMENTS RELATING TO SOCIAL SECURITY ACT

TEMPORARY WAIVERS OF CERTAIN REQUIREMENTS FOR CERTAIN STATES

SEC. 201. (a) If the Governor of any State, which has an approved State plan under part A of title IV of the Social Security Act, submits to the Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary"), a request that any provision of section 402(a)(26) of the Social Security Act or section 402(a)(27) of such Act not be made applicable to such State prior to a date specified in the request (which shall not be later than June 30, 1976) and— Request, submittal. 42 USC 602 note. 42 USC 601. 42 USC 602.

(1) such request is accompanied by a certification, with respect to such provision, of the Governor that the State cannot implement such provision because of the lack of authority to do so under State law, and

(2) such request fully explains the reasons why such provision cannot be implemented, and sets forth any provision of State law which impedes the implementation thereof,

the Secretary shall, if he is satisfied that such a waiver is justified, grant the waiver so requested.

(b) During any period with respect to which a waiver, obtained under subsection (a) with respect to section 402(a)(26)(A) of the Social Security Act, is in effect with respect to any State, the provisions of section 454 (4) and (5) of such Act shall be applied to such State in like manner as if the phrase "with respect to whom an assignment under section 402(a)(26) of this title is effective" did not appear therein, and the provisions of section 458 of such Act shall be applied to such State in like manner as if the phrase "support rights assigned under section 402(a)(26)" read "child support obligations". 42 USC 654. 42 USC 658.

(c) Section 455 of the Social Security Act is amended to read as follows: Payments to States. 42 USC 655.

42 USC 655. "SEC. 455. From the sums appropriated therefor, the Secretary shall pay to each State for each quarter, beginning with the quarter commencing July 1, 1975, an amount—

"(1) equal to 75 percent of the total amounts expended by such State during such quarter for the operation of the plan approved
42 USC 654. under section 454, and

"(2) equal to 50 percent of the total amounts expended by such State during such quarter for the operation of a plan which meets the conditions of section 454 except as is provided by a waiver by the Secretary which is granted pursuant to specific authority set forth in the law;

except that no amount shall be paid to any State on account of furnishing child support collection or paternity determination services (other than the parent locator services) to individuals under section 454(6) during any period beginning after June 30, 1976.".

Reports to congressional committees. 42 USC 602 note. (d) The Secretary shall from time to time, submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives, full and complete reports (the first of which shall not be later than September 15, 1975) regarding any requests which he has received for waivers under subsection (a) and any waivers granted by him under such subsection, and such reports shall include copies of all such requests for such waivers and any supporting documents submitted with or in connection with any such requests.

PROTECTION AGAINST DECREASE IN GRANTS BECAUSE OF PAYMENT OF SUPPORT DIRECTLY TO THE STATE

42 USC 602. SEC. 202. Section 402(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (26);

(2) by striking out the period at the end of paragraph (27) and inserting in lieu thereof "; and"; and

(3) by adding after paragraph (27) the following new paragraph:

"(28) provide that, in determining the amount of aid to which an eligible family is entitled, any portion of the amounts collected in any particular month as child support pursuant to a plan
42 USC 651, 42 USC 657. approved under part D. and retained by the State under section 457, which (under the State plan approved under this part as in effect both during July 1975 and during that particular month) would not have caused a reduction in the amount of aid paid to the family if such amounts had been paid directly to the family, shall be added to the amount of aid otherwise payable to such family under the State plan approved under this part.".

SUPPORT ASSIGNMENTS BY RECIPIENTS DURING TRANSITIONAL PERIOD

42 USC 602 note. SEC. 203. (a) In the case of any State the law of which on August 1, 1975, meets the requirements of section 402(a)(26)(A) of the Social
42 USC 602. Security Act, the requirements of such section shall be effective, with respect to individuals who are recipients on August 1, 1975, at such time as may be determined by the State agency, but not later than the time of the first redetermination of eligibility required after August 1, 1975, and in any event not later than February 1, 1976.

42 USC 654. (b) In the case of any State described in subsection (a), the provisions of section 454 (4) and (5) of the Social Security Act shall, during the period beginning August 1, 1975, and ending December 31, 1975, be applied, with respect to all recipients of aid under the State

plan of such State (approved under part A of title IV of such Act) who have not made an assignment pursuant to section 402(a)(26)(A) of such Act, in the case of such State in like manner as if the phrase "with respect to whom an assignment under section 402(a)(26) of this title is effective" did not appear therein, and the provisions of section 458 of such Act shall, during such period, be applied in the case of such State in like manner as if the phrase "support rights assigned under section 402(a)(26)" read "child support obligations". 42 USC 601. 42 USC 602.

REMOVAL OF VENDOR PAYMENT LIMITATION FOR CHILD SUPPORT

SEC. 204. Section 403(a) of the Social Security Act is amended by inserting before the period at the end thereof "or section 402(a)(26)". 42 USC 603.

AUTHORITY FOR QUARTERLY ADVANCES TO STATES FOR CHILD SUPPORT PROGRAMS

SEC. 205. (a) Section 455 of the Social Security Act (as added by the Social Services Amendments of 1974 and amended by section 201(c) of this Act) is amended by inserting "(a)" immediately after "SEC. 455." and by adding at the end thereof the following new subsection: Ante, p. 433.

"(b)(1) Prior to the beginning of each quarter, the Secretary shall estimate the amount to which a State will be entitled under subsection (a) for such quarter, such estimates to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, and (B) such other investigation as the Secretary may find necessary. Estimate of payments.

"(2) The Secretary shall then pay, in such installments as he may determine, to the State the amount so estimated, reduced or increased to the extent of any overpayment or underpayment which the Secretary determines was made under this section to such State for any prior quarter and with respect to which adjustment has not already been made under this subsection.

"(3) Upon the making of any estimate by the Secretary under this subsection, any appropriations available for payments under this section shall be deemed obligated.".

PAYMENTS TO STATES FOR CERTAIN EXPENSES INCURRED DURING JULY 1975

SEC. 206. Notwithstanding any other provision of law, amounts expended in good faith by any State (or by any of its political subdivisions) during July 1975 in employing and compensating staff personnel, leasing office space, purchasing equipment, or carrying out other organizational or administrative activities, in preparation for or implementation of the child support program under part D of title IV of the Social Security Act, shall be considered for purposes of section 455 of such Act (as amended by this Act), to the extent that payment for the activities involved would be made under such section (as so amended) if section 101 of the Social Services Amendments of 1974 had become effective on July 1, 1975, to have been expended by the State for the operation of the State plan or for the conduct of activities specified in such section (as so amended). 42 USC 655 note. 42 USC 651. 42 USC 655. 88 Stat. 2351.

SAFEGUARDING OF INFORMATION

42 USC 602.

SEC. 207. Section 402(a)(9) of the Social Security Act (as amended by the Social Services Amendments of 1974) is amended to read as follows:

"(9) provide safeguards which restrict the use of disclosure of information concerning applicants or recipients to purposes directly connected with (A) the administration of the plan of the State approved under this part, the plan or program of the State under part B, C, or D of this title or under title I, X, XIV, XVI, XIX, or XX, or the supplemental security income program established by title XVI, (B) any investigation, prosecution, or criminal or civil proceeding, conducted in connection with the administration of any such plan or program, and (C) the administration of any other Federal or federally assisted program which provides assistance, in cash or in kind, or services, directly to individuals on the basis of need; and the safeguards so provided shall prohibit disclosure, to any committee or a legislative body, of any information which identifies by name or address any such applicant or recipient;".

42 USC 620, 630, 651, 301, 1201, 1351, 1381, 1396, 1397.

PROTECTION OF CHILD'S BEST INTEREST

42 USC 602.

SEC. 208. (a) Section 402(a)(26)(B) of the Social Security Act (as added by the Social Services Amendments of 1974) is amended by inserting immediately after "such applicant or such child" the following: ", unless (in either case) such applicant or recipient is found to have good cause for refusing to cooperate as determined by the State agency in accordance with standards prescribed by the Secretary, which standards shall take into consideration the best interests of the child on whose behalf aid is claimed;".

42 USC 654.

(b) Section 454(4)(A) of such Act (as so added) is amended by inserting after "such child," the following: "unless the agency administering the plan of the State under part A of this title determines in accordance with the standards prescribed by the Secretary pursuant to section 402(a)(26)(B) that it is against the best interests of the child to do so,".

42 USC 601.

(c) Section 454(4)(B) of such Act (as so added) is amended by inserting immediately after "other States" the following: "(unless the agency administering the plan of the State under part A of this title determines in accordance with the standards prescribed by the Secretary pursuant to section 402(a)(26)(B) that it is against the best interests of the child to do so)".

Proposed standards, submittal to Congress.
42 USC 602 note.
42 USC 602. Effective date.

(d)(1) The Secretary of Health, Education, and Welfare shall submit to the Congress any proposed standards authorized to be prescribed by him under section 402(a)(26)(B) of the Social Security Act (as added by the Social Services Amendments of 1974 and as amended by subsection (a) of this section). Such standards shall take effect at the end of the period which ends 60 days after such proposed standards are so submitted to such committees unless, within such period, either House of the Congress, adopts a resolution of disapproval.

"Resolution."

(2) For purposes of this subsection, the term "resolution" means only—

(A) a concurrent resolution of the two Houses of the Congress, the matter after the resolving clause of which is as follows: "That the Congress does not approve the standards (as authorized under

section 402(a)(26)(B) of the Social Security Act) transmitted to the Congress on .", the blank space being filled with the appropriate date; and 42 USC 602.

(B) a resolution of either House of the Congress, the matter after the resolving clause of which is as follows: "That the does not approve the standards (as authorized under section 402(a)(26)(B) of the Social Security Act) transmitted to the Congress on .", with the first blank space being filled with the name of the resolving House, and the second blank space being filled with the appropriate date.

(3) The provisions of subsection (b), (c), (d), (e), and (f) of section 152 of the Trade Act of 1974 shall be applicable to resolutions under this subsection, except that the "20 hours" referred to in subsections (d)(2) and (e)(2) of such section shall be deemed to read "4 hours". 19 USC 2192.

TECHNICAL AMENDMENT

SEC. 209. Section 402(a)(27) is amended by striking out "States have" and inserting in lieu thereof "State has". 42 USC 602.

EFFECTIVE DATE

SEC. 210. The amendments made by this title shall, unless otherwise specified therein, become effective August 1, 1975. 42 USC 602 note.

Approved August 9, 1975.

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LEGISLATIVE HISTORY:

HOUSE REPORT No. 94-298 (Comm. on Ways and Means).
SENATE REPORT No. 94-273 (Comm. on Finance).
CONGRESSIONAL RECORD, Vol. 121 (1975):
June 24, considered and passed House.
Aug. 1, considered and passed Senate, amended;
House concurred in Senate amendments.
WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 11, No. 33:
Aug. 11, Presidential statement.

Public Law 94-566
94th Congress

An Act

To require States to extend unemployment compensation coverage to certain previously uncovered workers; to increase the amount of the wages subject to the Federal unemployment tax; to increase the rate of such tax; and for other purposes.

Oct. 20, 1976
[H.R. 10210]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Unemployment Compensation Amendments of 1976.
26 USC 3304 note.

SECTION 1. SHORT TITLE

This Act may be cited as the "Unemployment Compensation Amendments of 1976".

SEC. 506. STATE EMPLOYMENT OFFICES TO SUPPLY DATA IN AID OF ADMINISTRATION OF AFDC AND CHILD SUPPORT PROGRAMS.

(a) IN GENERAL.—Section 3(a) of the Act entitled "An Act to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes", approved June 6, 1933 (29 U.S.C. 49b(a)), is amended by adding at the end thereof the following new sentence: "It shall be the further duty of the bureau to assure that such employment offices in each State, upon request of a public agency administering or supervising the administration of a State plan approved under part A of title IV of the Social Security Act or of a public agency charged with any duty or responsibility under any program or activity authorized or required under part D of title IV of such Act, shall (and, notwithstanding any other provision of law, is hereby authorized to) furnish to such agency making the request, from any data contained in the files of any such employment office, information with respect to any individual specified in the request as to (A) whether such individual is receiving, has received, or has made application for, unemployment compensation, and the amount of any such compensation being received by such individual, (B) the current (or most recent) home address of such individual, and (C) whether such individual has refused an offer of employment and, if so, a description of the employment so offered and terms, conditions, and rate of pay therefor.".

42 USC 601 *et seq.*
42 USC 651 *et seq.*

(b) PROVISION FOR REIMBURSEMENT OF EXPENSES.—For purposes of section 403 of the Social Security Act, expenses incurred to reimburse State employment offices for furnishing information requested of such offices pursuant to the third sentence of section 3(a) of the Act entitled "An Act to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes", approved June 6, 1933 (29 U.S.C. 49b(a)), by a State or local agency administering a State plan approved under part A of title IV of the Social Security Act shall be considered to constitute expenses incurred in the administration of such State plan; and for purposes of section 455 of the Social Security Act, expenses incurred to reimburse State employment offices for furnishing information so requested by a State or local agency

42 USC 603a

42 USC 655.

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charged with the duty of carrying out a State plan for child support approved under part D of title IV of the Social Security Act shall be considered to constitute expenses incurred in the administration of such State plan.

SEC. 507. AFDC BENEFITS WHERE UNEMPLOYED FATHER RECEIVES UNEMPLOYMENT COMPENSATION.

42 USC 607. (a) IN GENERAL.—Section 407(b)(2) of the Social Security Act is amended—

(1) by striking out "and" at the end of subparagraph (B); and

(2) by striking out subparagraph (C) and inserting in lieu thereof the following:

"(C) for the denial of aid to families with dependent children to any child or relative specified in subsection (a)—

"(i) if and for so long as such child's father, unless exempt under section 402(a)(19)(A), is not registered pursuant to such section for the work incentive program established under part C of this title, or, if he is exempt under such section by reason of clause (iii) thereof or no such program in which he can effectively participate has been established or provided under section 432(a), is not registered with the public employment offices in the State, and

"(ii) with respect to any week for which such child's father qualifies for unemployment compensation under an unemployment compensation law of a State or of the United States, but refuses to apply for or accept such unemployment compensation; and

"(D) for the reduction of the aid to families with dependent children otherwise payable to any child or relative specified in subsection (a) by the amount of any unemployment compensation that such child's father receives under an unemployment compensation law of a State or of the United States.".

(b) CONFORMING PROVISION.—Section 407(d)(3) of such Act is amended by inserting ", for purposes of section 407(b)(1)(C)," before "be deemed".

42 USC 607 note. (c) EFFECTIVE DATE.—The amendments made by the preceding provisions of this section shall be effective with respect to months after (and weeks beginning in months after) the date of the enactment of this Act.

(d) SIMPLIFICATION OF PROCEDURES.—Section 407 of the Social Security Act is further amended by adding at the end thereof the following new subsection:

"(e) The Secretary of Health, Education, and Welfare and the Secretary of Labor shall jointly enter into an agreement with each State which is able and willing to do so for the purpose of (1) simplifying the procedures to be followed by unemployed fathers and other unemployed persons in such State in registering pursuant to section 402(a)(19) for the work incentive program established by part C of this title and in registering with public employment offices (under this section and otherwise) or in connection with applications for unemployment compensation, by reducing the number of locations or agencies where such persons must go in order to register for such programs and in connection with such applications, and (2) providing where possible for a single registration satisfying this section and the requirements of both the work incentive program and the applicable unemployment compensation laws.".

42 USC 602. 42 USC 630 et seq.

CHAPTER III—OFFICE OF CHILD SUPPORT ENFORCEMENT (CHILD SUPPORT ENFORCEMENT PROGRAM), DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

CHILD SUPPORT ENFORCEMENT PROGRAM

Audit and Penalty

• *Purpose.* The purpose of this amendment is to implement several sections of the Social Security Act added by Pub. L. 93–647 relating to the requirement for an annual audit of each State's child support program and a possible penalty of 5 percent of a State's title IV–A reimbursement. Its basis is the statutory provisions and the Department's view of the optimum way of implementing these provisions in a manner which both fulfills the statutory requirements and recognizes that overly stringent audit standards would be unreasonable for a new program. •

SUMMARY

Under the amendment, the Office of Child Support Enforcement (OCSE) will audit each State's child support program annually to determine its effectiveness. If a State's program is found to be ineffective, the State's title IV–A reimbursement will be reduced by 5 percent for the period audited. The initial audits will examine the procedures which the State has developed to meet the various requirements of the Child Support Enforcement program and determine if the State is utilizing those procedures. Future audits could be based on more stringent standards of program effectiveness, based upon empirical data gathered through prior audit experiences

STATUTORY BASIS

Section 452(a)(4) of the Act requires that, not less often than annually, the Office of Child Support Enforcement must "• • • conduct a complete audit of the program established under such plan in each State and determine for the purposes of the penalty provision of section 403(h) whether the actual operation of such programs in each State conforms to the requirements of this part, • • •."

Section 403(h) of the Act provides as follows:

(h) Notwithstanding any other provision of this Act, the amount payable to any State under this part for quarters in a fiscal year shall with respect to quarters beginning after December 21, 1976, be reduced by 5 per centum of such amount if such State is found by the Secretary as the result of the annual audit to have failed to have an effective program meeting the requirements of section 402(a)(27) in any fiscal year beginning after September 30, 1976 (but, in the case of the fiscal year beginning October 1, 1976, only considering the second, third, and fourth quarters thereof).

This amendment provides a regulatory basis for carrying out these statutory provisions and provides notice to the States, prior to the audit, of the standards and criteria to be used in auditing the State programs and if necessary, imposing the mandated penalty.

PART 305—AUDIT AND PENALTY

Chapter III, Title 45 of Code of Federal Regulations is amended by adding a new Part 305, reading as follows:

Sec.

305.0 Scope.
305.1 Definitions.
305.10 Audit.
305.11 Audit period.
305.12 State comments.
305.13 State cooperation in annual audit
305.20 Audit criteria.
305.21 Statewide operation.
305.22 State financial participation.
305.23 Single and separate organizational unit.
305.24 Establishing paternity.
305.25 Support obligations.
305.26 Enforcement of support obligation.
305.27 Child support payments to the IV–D agency.
305.28 Distribution of child support pay- agency.
305.29 Payments to the family.
305.30 Incentive payments.
305.31 Individuals not otherwise eligible.
305.32 Cooperation with other States.
305.33 State parent locator service.
305.34 Cooperative agreements.
305.35 Reports and maintenance of records.
305.36 Fiscal policies and accountability.
305.37 Safeguarding information.
305.38 Prompt notice to child support agency.
305.39 Assignment of rights to support.
305.50 Penalty for failure to have an effective child support enforcement program.

§ 305.0 Scope.

This part implements the requirements in sections 452(a)(4) and 403(h) of the Social Security Act for an annual audit of the effectiveness of the State Child Support Enforcement Programs under title IV–D and for a possible reduction in Federal reimbursement for the States' title IV–A program pursuant to sections 403(h) and 404(d) of the Act. Sections 305.10 through 305.13 describe the annual audit. Sections 305.20 through 305.39 define an effective program for the purposes of this part, and establish audit criteria for determining program effectiveness. Section 305.50 provides for imposition of the penalty if a State is found by the Secretary not to have had an effective program

§ 305.1 Definitions.

(a) The definitions found in § 301.1 of this chapter also are applicable to this part.

(b) As used in this part "procedures" means a written set of instructions which describe in detail the step by step actions to be taken by child support enforcement personnel in the performance of a specific function under the State's IV–D plan. The IV–D agency may issue general instructions on one or more functions, and delegate responsibility for the detailed procedures to the office, agency, or political subdivision actually performing the function.

§ 305.10 Audit.

The Office of Child Support Enforcement will conduct an annual audit of each State as required by Sections 452(a)(4) and 403(h) of the Act for the purpose of determining whether the State has an effective IV–D program meeting the requirements of Section 402(a)(27) of the Act. The audit of each State's program will be a comprehensive review to determine that the State's program meets the criteria specified in §§ 305.20 through 305.39 of this part. During the course of the audit, the Office will:

(a) Make a critical investigation of the State's IV–D program through inspection, inquiries, observation, and confirmation; and

(b) Use the audit standards promulgated by the Comptroller General of the United States in the "Standards For Audit of Governmental Organizations, Programs, Activities, and Functions".

§ 305.11 Audit period.

The first period to be audited will be from January 1, 1977, through September 30, 1977. The second and following audits will be for the period October 1 through September 30 of each fiscal year.

§ 305.12 State comments.

(a) Prior to the start of the actual audit, the Office will hold an audit entrance conference with the IV–D agency. At that conference the Office will explain how the audit will be performed, inform the IV–D agency which political subdivisions of the State will be audited, and make preliminary arrangements for personnel and information to be made available.

(b) Prior to concluding the audit fieldwork, the Office will afford the State IV–D agency an opportunity for an audit exit conference at which time preliminary audit findings will be discussed and the IV–D agency may present any additional matter it believes should be considered in the audit findings.

(c) At the conclusion of the audit fieldwork, the Office will prepare and send to the IV–D agency a copy of its interim report on the results of the audit. Within 45 days from the date the report was sent by certified mail, the IV–D agency may submit written comments on any part of the report which the IV–D agency believes to be in error. The Office will incorporate such comments, if any, into the final audit report.

§ 305.13 State cooperation in annual audit.

(a) Each State shall make available to the Office such records or other supporting documentation as the Office's audit staff may request. The State shall also make available personnel associated with the State's IV–D program to provide answers which the audit staff may find necessary in order to conduct or complete the audit.

(b) Failure to comply with the requirements of this section may necessitate a finding that the State has failed to comply with the particular criteria being audited.

§ 305.20 Audit criteria.

For the purposes of this part and Section 403(h) of the Act, in order to be found to have an effective program meeting the requirements of section 402(a)(27) of the Act;

(a) A State must be in compliance with each of the following title IV–D State plan requirements:

Statewide operation. (45 CFR 302.10)
State financial participation. (45 CFR 302.11)
Single and separate organizational unit. (45 CFR 302.12)
Establishing paternity. (45 CFR 302.31(a))
Support obligations. (45 CFR 302.50)
Enforcement of support obligation. (45 CFR 302.31(b))
Child support payments to the IV–D agency (45 CFR 302.32)
Distribution of child support payments (45 CFR 302.51)

Payments to the family. (45 CFR 302.49)
Incentive payments. (45 CFR 302.52)
Individuals not otherwise eligible. (45 CFR 302.33)
Cooperation with other States. (45 CFR 302.36)
State parent locator service. (45 CFR 302.35)
Cooperative arrangements. (45 CFR 302.34)
Reports and maintenance of records. (45 CFR 302.15)
Fiscal policies and accountability. (45 CFR 302.14)
Safeguarding information. (45 CFR 302.21) and

(b) The IV-D agency must be receiving notice from the IV-A agency for cases in which AFDC is furnished with respect to a child who has been abandoned or deserted by a parent (45 CFR 235.70), and the State must be obtaining assignments of rights to support (45 CFR 232.11).

§ 305.21 Statewide operation.

For the purposes of this part, in order to be found to be in compliance with the State plan requirement of Statewide operation (45 CFR 302.10), a State must have a IV-D agency that:

(a) Administers the plan uniformly throughout the State, or supervises the administration of the plan by its political subdivisions;

(b) Has established and is utilizing methods of informing staff of State policies, standards, procedures, and instructions;

(c) Has assigned IV-D staff at the State level to conduct regular planned examination and evaluation of operation in local offices; and

(d) Makes available the services and functions as required by the approved State plan throughout the State.

§ 305.22 State financial participation.

For the purposes of this part, in order to be found to be in compliance with the State plan requirement for State financial participation (45 CFR 302.11):

(a) A State must participate financially by incurring 25 percent of the cost of the program; and

(b) The funds representing the State's share must be appropriated to the IV-D Agency or transferred to the IV-D Agency, or certified by the contributing public agency as representing expenditures under the State's IV-D plan.

§ 305.23 Single and separate organizational unit.

For the purposes of this part, in order to be found to be in compliance with the State plan requirement for a single and separate organizational unit to administer the IV-D plan (45 CFR 302.12), a State must have such a unit which:

(a) Is responsible and accountable for the operation of the IV-D plan and for no other program or activity;

(b) Is responsible for securing compliance with requirements of the IV-D plan delegated to any other State or local agency or official, performed under cooperative agreement or purchase of service agreement; and

(c) Has staff assigned to perform all of the required State level functions listed in § 303.20(b) of this chapter.

§ 305.24 Establishing paternity.

For the purposes of this part, in order to be found to be in compliance with the State plan requirement that the State undertake the establishment of paternity (45 CFR 302.31(a) and 302.33), a State must:

(a) Have established and be utilizing written procedures for obtaining the identity of the putative father from the applicant or recipient;

(b) Have written procedures for establishing paternity:

(1) By court order or other legal process established by State law; and,

(2) By acknowledgment, if under State law such acknowledgment has the same legal effect as court ordered paternity, including the rights to benefits other than child support;

(c) Be utilizing such written procedures to establish the paternity of any child born out of wedlock whose paternity has not previously been established and with respect to whom there is an assignment in effect pursuant to § 232.11 of this title or with respect to whom there is an application for child support services pursuant to § 302.33 of this chapter;

(d) Have identified and made a list of all laboratories within the State which, in the opinion of the IV-D agency, perform legally and medically acceptable tests, including blood tests, which tend to confirm or refute the alleged paternity, and have made such list available to appropriate court and law enforcement officials, and to the public upon request;

(e) Have identified all State statutes and regulations that provide procedures to be used in determining the paternity of a child born out of wedlock as required by § 302.17 of this chapter;

(f) Have available attorneys or prosecutors to represent the State in court or administrative proceedings when necessary with respect to the establishment of paternity; and

(g) Have personnel, such as interviewers, investigators, clerical and other support staff performing paternity establishment functions.

§ 305.25 Support obligations.

For the purposes of this part, in order to be found to be in compliance with the State plan requirement to establish support obligations (45 CFR 302.50 and 302.53), a State must:

(a) Have established and be utilizing written procedures for the establishment of a child support obligation for any child:

(1) With respect to whom there is an assignment in effect pursuant to § 232.11 of this title or with respect to whom there is an application for child support services pursuant to § 302.33 of this chapter; and

(2) Who has not previously had a child support obligation established by court order or by other legal process established under State law;

(b) If the support obligation is established by means other than a court order, utilize the State's formula, pursuant to § 302.53 of this chapter, for determining the amount of the support obligation;

(c) Have available attorneys or prosecutors to represent the State in court or administrative proceedings when necessary to establish the support obligation; and

(d) Have personnel, such as interviewers, investigators, clerical, and other support staff, establishing support obligations.

§ 305.26 Enforcement of support obligation.

For the purposes of this part, in order to be found to be in compliance with the State plan requirement to enforce support obligations (45 CFR 302.31(b)), a State must:

(a) Have established and be utilizing written procedures for identifying as delinquent those cases in which there is a failure to comply with the support obligation;

(b) Have established and be utilizing written procedures for contacting delinquent obligors for the purpose of collecting the support obligation;

(c) Have identified and established the appropriate written procedures, including but not limited to those specified in § 303.6 of this chapter, to enforce child support obligations under the State's statutes or regulations;

(d) Have established written procedures for using reciprocal support enforcement arrangements that have been adopted with other States;

(e) Take appropriate action, using the procedures the State has established to enforce support obligations;

(f) Have attorneys or prosecutors to represent the State in court or administrative proceedings when necessary to enforce delinquent support obligations; and

(g) Have personnel, such as interviewers, investigators, clerks and other support staff performing support obligation enforcement functions.

§ 305.27 Child support payments to the IV-D agency.

For the purposes of this part, in order to be found to be in compliance with the State plan requirement of child support payments to the IV-D Agency (45 CFR 302.32) a State must:

(a) Have established and be utilizing written procedures for the receipt of child support payments by the IV-D agency with respect to cases in which there is an assignment of support rights pursuant to § 232.11 of this title;

(b) Have established and be utilizing written procedures for the receipt of child support payments by the IV-D agency with respect to cases in which there is an application for child support services pursuant to § 302.33 of this chapter; unless, receipt of such payment is not necessary because

(1) The State, under its approved title IV-D plan, does not recover costs in excess of the application fee; and

(2) The IV-D agency has established a system, approved by the Regional Office, for insuring that the IV-D agency can accurately make collections reports as required by the Office;

(c) Have established and be utilizing written procedures to identify child support payments that are not being received by the IV-D agency and to take corrective action;

(d) Have established and be utilizing written procedures that meet the requirements of § 302.32(b) of this chapter for informing the State's IV-A agency of the amounts of collection so that the family's continued eligibility for assistance payments can be determined; and,

(e) Have personnel performing the activities described in this section.

§ 305.28 Distribution of child support payment.

For the purposes of this part, in order to be found to be in compliance with the

State plan requirement for distribution of child support collections (45 CFR 302.51 and 302.32), a State must:

(a) Have written procedures which, if properly applied, would result in a distribution of child support collections which is in accordance with §§ 302.51 and 302.32 of this chapter;

(b) Be making the distribution of child support collections pursuant to the procedures it has established; and

(c) Have personnel distributing child support collections.

§ 305.29 Payments to the family.

For the purposes of this part, in order to be found to be in compliance with the State plan requirement for payment to the family (45 CFR 302.38), a State must distribute any payments required to be made to the family under §§ 302.32 and 302.51 of this chapter to the resident parent, legal guardian, or caretaker relative having custody of, or responsibility for, the child or children.

§ 305.30 Incentive payments.

For the purposes of this part, in order to be found to be in compliance with the State plan requirement to make incentive payments (45 CFR 302.52), a State must:

(a) Have established and be utilizing written procedures for making incentive payments in the proper amounts to other States and, if appropriate, to political subdivisions within the State;

(b) Have established and be utilizing written procedures to account for child support collections received so the amount retained by the State to reduce or repay assistance payments" can be properly determined;

(c) Have established and be utilizing written procedures for determining that the collection was made by a State or political subdivision operating pursuant to an approved IV-D plan and was made on behalf of an individual with respect to whom there is an assignment in effect pursuant to § 232.11 of this title;

(d) Have established and be utilizing written procedures for determining which collections represent payments on the first 12 months of support obligations;

(e) Have established and be utilizing written procedures for ensuring that the incentive payments are made as soon as administratively feasible;

(f) Have established and be utilizing written procedures (in accordance with instruction issued by the Office) for allocating the incentive payment among jurisdictions when more than one jurisdiction is involved in the enforcement or collection; and

(g) Have personnel performing the functions specified in this section.

§ 305.31 Individuals not otherwise eligible.

For the purposes of this part, in order to be found to be in compliance with the State plan requirement for providing child support enforcement services to individuals not otherwise eligible (45 CFR 302.33), a State must:

(a) Have established and be utilizing written procedures for accepting signed, written applications on a Statewide basis for child support services from individuals not otherwise eligible under § 302.31 of this chapter.

(b) Have established and be utilizing written procedures for providing to applicants on a Statewide basis, all appropriate child support services available under the State's plan, including locating absent parents, establishing paternity and securing child support;

(c) Have established and be utilizing written procedures for collection of any fees and recovery of any costs authorized by the State's plan; and

(d) Have personnel performing child support enforcement services for applicants.

§ 305.32 Cooperation with other States.

For the purposes of this part, in order to be found to be in compliance with the State plan requirement for interstate cooperation (45 CFR 302.36), a State must:

(a) Have established and be utilizing written procedures for accepting and processing requests for assistance from other States;

(b) Have established and be utilizing written procedures for using the State's PLS (both State and local locate sources) in an attempt to locate an absent parent upon request of another State;

(c) Have established and be utilizing written procedures for establishing paternity or assisting in establishing paternity when requested by another State;

(d) Have established and be utilizing written procedures for establishing court orders for support upon request by another State, including procedures for responding to a complaint under the Uniform Reciprocal Enforcement of Support Act (URESA);

(e) Have established and be utilizing written procedures for collecting support payments from an absent parent and forwarding such payments to the State where the obligation is owed;

(f) Have established and be utilizing written procedures for monitoring the status of cases upon which the State is taking action on behalf of another State;

(g) Have established and be utilizing written procedures that comply with the requirements for providing sufficient information to other States as specified in § 303.7 of this chapter;

(h) Have personnel at the State level coordinating activities pursuant to, and assuring compliance with, the requirements of the State's URESA; and

(i) Have personnel performing the functions specified in this section.

§ 305.33 State parent locator service.

For the purposes of this part, in order to be found to be in compliance with the State plan requirement for a parent locator service (45 CFR 302.35), a State must:

(a) Have established and be utilizing a central State PLS office as required by § 302.35(a) of this chapter;

(b) Have identified and be utilizing major local locate data sources within the State such as those listed in § 303.3 (a) of this chapter;

(c) Have identified and be utilizing major State locate data sources such as those listed in § 303.3(c) of this chapter;

(d) Be utilizing the Federal PLS when necessary pursuant to § 302.35(a) (2) and (d) of this chapter;

(e) Have established written procedures for accepting from a person authorized under § 302.35(c) of this chapter, an application to use the PLS;

(f) Have established and be utilizing written procedures for collecting any fees required by § 302.35(e) of this chapter and the State's plan;

(g) Be using the names and other identifying information of absent parents, the State and local locate data sources and the Federal PLS, in an attempt to determine the actual whereabouts of the absent parent, or determine that the whereabouts of the absent parent cannot be ascertained;

(h) Have developed and be using the protective measures to safeguard information transmitted and received through use of the Federal PLS as required by § 302.70(e) (2) and (3) of this chapter and instructions issued by the Office; and

(i) Have personnel, such as interviewers, investigators, clerks and other support staff performing the functions described in this section.

§ 305.34 Cooperative arrangements.

(a) For the purposes of this part, in order to be found to be in compliance with the State plan requirement for cooperative arrangements (45 CFR 302.34), a State must utilize written cooperative agreements between the IV-D agency and appropriate courts and law enforcement officials to the extent necessary to establish paternity, establish and enforce child support obligations, collect child support, and cooperate with other States in these functions.

(b) This requirement will not be audited separately. However, cooperative agreements may be necessary in order for a State to meet the requirements of Part 302 of this chapter, if the IV-D agency does not have sufficient personnel and administrative procedures to accomplish these functions.

§ 305.35 Reports and maintenance of records.

For the purposes of this part, in order to be found to be in compliance with the State plan requirement for reports and maintenance of records (45 CFR 302.15), a State must:

(a) Have established and be utilizing written procedures for maintaining the records necessary for proper and efficient operation of the plan including those listed in § 302.15(a)(1) (i) through (vii) of this chapter;

(b) Have established and be utilizing a system for insuring that reports required by the Secretary are provided when due, and are accurate and complete; and

(c) Have personnel performing the functions specified in this section.

§ 305.36 Fiscal policies and accountability.

For the purposes of this part, in order to be found to be in compliance with the State plan requirement for fiscal policies and accountability (45 CFR 302.14), a State must:

(a) Have established and be maintaining and utilizing an accounting system and supporting fiscal records that assure that claims for Federal funds are in accord with applicable Federal regulations and instructions issued by the Office; and

(b) Have personnel performing the functions specified in this section.

§ 305.37 Safeguarding information.

For the purposes of this part, in order to be found to be in compliance with the State plan requirement for safeguarding information (45 CFR 302.18), a State must have established and be utilizing written procedures that restrict the use or disclosure of information concerning applicants or recipients of child support enforcement services to purposes listed in § 302.18(a) of this chapter.

§ 305.38 Notice to child support agency.

For the purposes of this part, the IV-D agency must be receiving notice from the IV-A agency (45 CFR 235.70) for cases in which AFDC is furnished with respect to a child who has been deserted or abandoned by a parent.

§ 305.39 Assignment of rights to support.

For the purposes of this part, a State must obtain assignments of support rights for AFDC applicants and have an assignment in effect for AFDC cases as required by 45 CFR 232.11, except where there has been a refusal to assign and the appropriate action under § 232.11 of this title was taken.

§ 305.50 Penalty for failure to have an effective child support enforcement program.

(a) Pursuant to sections 403(h) and 404(d) of the Act, if a State is found by the Secretary, on the basis of the results of the audit described in this part, to have failed to have an effective child support enforcement program meeting the requirements of Section 402(a)(27) of the Act, as implemented by Part 302 of this chapter and this part, total payment to the State under title IV-A of the Act shall be reduced by 5 percent of such payments.

(b) Any reduction required to be made under this section shall be made pursuant to § 205.146(d) of this title.

(c) The reconsideration of penalty imposition provided for by § 205.146(e) of this title shall be applicable to any reduction made pursuant to this section.

(Sec. 1102, 49 Stat. 647 (42 U.S.C. 1302).)

Effective date: January 1, 1977.

Title 45—Public Welfare

CHAPTER II—SOCIAL AND REHABILITATION SERVICE (ASSISTANCE PROGRAMS), DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

PART 205—GENERAL ADMINISTRATION—PUBLIC ASSISTANCE PROGRAM

Penalty for Failure To Have an Effective Child Support Enforcement Program

• The purpose of this regulation is to implement the penalty provisions of sections 403(h) and 404(d) of the Social Security Act. The basis for this is the requirement in those sections for a reduction of 5 percent in the amount payable under title IV-A to any State found to have failed to have an effective Child Support Enforcement program meeting the requirements of section 402(a)(27) of the Act after January 1, 1977.•

§ 205.116 Specific limitations on Federal financial participation under title IV-A.

* * * * *

(d) *Penalty for failure to have an effective child support enforcement program.*—(1) *General.* Pursuant to section 403(h) of the Act, notwithstanding any other provision of this chapter, total payments to a State under title IV-A of the Act for any quarters in any fiscal year, shall be reduced by 5 percent of such payments (calculated without regard to any other reduction under this section), if for such fiscal year a State is found by the Secretary to have failed to have an effective child support enforcement program meeting the requirements of section 402(a)(27), as implemented by Parts 302 and 305 of this title.

(2) *Application of penalty.* (i) The penalty will be imposed for each fiscal year, beginning with F.Y. 77 (but in the case of F.Y. 77, only considering the second, third and fourth quarters thereof).

(ii) The penalty will be imposed on the basis of the results of the audit conducted pursuant to Part 305 of this title.

(iii) Any penalty imposed under this paragraph will be imposed for the entire fiscal year for which the State was found not to have an effective child support enforcement program.

(Section 1102, 49 Stat. 647 (42 U.S.C. 1302).)

Effective date: January 1, 1977.

Exercise 1 - Quiz Answers

A. 2 B. 2 C. 3

D. 1. Administrative Division
   a. State Grants Administration Branch b. Administrative Support Branch

   2. Parent Locator Service Division
   a. Systems Operation Branch b. State Coordination Branch

   3. Policy and Planning Division
   a. Policy Branch b. Program Operations & Monitoring Branch
   c. Planning and Evaluation Branch.

   4. Audit Division
   a. Northeast Branch b. Southeast Branch
   c. Central Branch d. West Branch

E. 2

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